THE Soybean Digest

OFFICIAL PUBLICATION • AMERICAN SOYBEAN ASSOCIATION

SEPTEMBER • 1954

VOLUME 14 • NUMBER 11

No substitute for accuracy here!

Skellysolve for Animal and Vegetable Oil Extraction

Applications

SKELLYSOLVE-B. Making edible oils and meals from soybeans, corn germs, flaxseed, peanuts, cottonseed and the like. Closed cup flash point about—20°F.

SKELLYSOLVE-C. Making both edible and inedible oils and meals, particularly where lower volatility than that of Skellysolve-B is desired because of warm condenser water. Closed cup flash point about 13°F.

SKELLYSOLVE-D. Quality solvent at competitive prices. For degreasing meat scraps, extracting oil-saturated fuller's earth, general extraction uses. Closed cup flash point about 3°F.

SKELLYSOLVE-F. Extracting cottonseed meals and other products in laboratory analytical work. Originally made to conform to A.O.C.S. specifications for petroleum ether, and for pharmaceutical extractions, where finest quality solvent is desired. Closed cup flash point about—50°F.

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"Doc" MacGEE says: In compounding a prescription, there's no such thing as being "half right." It's either all right or all wrong. Same thing should go for solvents. From bitter experience, you may know what the wrong kind of solvent can do to your production and your products.

You're sure of selecting the right kind of solvent when you deal with Skellysolve! Why? Because the Skellysolve people are pioneers in the solvent business, and they have a backlog of experience and manufacturing skill that are hard to equal. Every member of our team is a qualified "Bachelor of Solvents."

You benefit from this experience in many ways. Uniformity is one big way. Every batch of Skellysolve you buy is right "on the beam" for boiling ranges, low order of toxicity, low sulphur content, and other specifics that are vital to your product's quality. You profit, too, from the strict laboratory controls that monitor the manufacture of Skellysolve — controls that assure sweet odor, low end points, a minimum of excessively volatile compounds, a very low level of unsaturates and pyrogenic decomposition products.

It all adds up to low solvent losses, fast vaporization from oils and meals, maximum protection of your product's quality. Write for technical facts, or if you have a special solvent problem, call in the Skellysolve Technical Fieldman.

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INDUSTRIAL DIVISION, SKELLY OIL COMPANY
KANSAS CITY, MISSOURI

THE Soybean Digest

REG. U. S. PAT. OFF.

HUDSON, IOWA

Vol. 14 • September, 1954 • No. 11

IN THIS ISSUE

Late News 5

Honorary Life Member 15

34th Convention American Soybean Association 16

Processor Meeting 18

Shippers Group 18

Report of the President 19
JAKE HARTZ, JR.

Report of the Secretary-Treasurer 21
GEO. M. STRAYER

Resolutions 23

Outlook

What Will Happen to Soybean Prices? 24
FRANCIS A. KUTISH

Production

Producing Soybeans by Irrigation 27
R. B. OLIVER

Trade

U. S. Soybeans as Viewed by European Buyers 28
GEO. M. STRAYER

Soybeans' Role in the Agricultural Revolution 36
W. E. HUGE

Interdependence of Cotton and Soybeans 40
WM. RHEA BLAKE

World Fats and Oils Supplies 46
PAUL E. QUINTUS

Marketing

Soybeans and Products Futures Markets 48
JAMES S. SCHONBERG

Let's Buy Soybeans on a Cleaned Basis 53
L. E. KENNEDY

The Processor Looks at Foreign Material 55
GLENN POGELER

Handling Soybeans in a Port Elevator 57
A. A. CLARKSON

Problems in Exporting Soybeans 60
W. B. FOX

Government

Status of Soybeans in 1955 Farm Program 64
MARVIN L. MCLAIN

Orderly Disposal of CCC-Held Edible Oils 70
J. E. THIGPEN

Surplus Butter Disposal and Soybean Oil 72
SIERT RIEPMA

David Fairchild Passes 77

Crop Report 80

Washington Digest 82
PORTER M. HEDGE

Market Street 83

Changes in Meal Contract 83

In the Markets 84

August Markets 90

THE SOYBEAN DIGEST

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Objectives of the American Soybean Association include the bringing together of all persons interested in the production, distribution and utilization of soybeans; the collection and dissemination of the best available information relating to both the practical and scientific phases of the problems of increased yields coupled with lessened costs; the safe-guarding of production against diseases and insect pests; the promotion of the development of new varieties; the encouragement of new varieties; the encouragement of the interest of federal and state governments and experiment stations; and the rendering of all possible services to the industry.

INDEX OF ADVERTISERS

Aeroglide Corp. 14
Agricultural Laboratories, Inc. 79
Allied Mills, Inc. 92
American Mineral Spirits Co. 25
V. D. Anderson Co. 17
Archer-Daniels-Midland Co. 35
Association of American Railroads 81
Bache & Co. 84
William H. Banks Warehouses, Inc. 62
Barrow-Agee Laboratories, Inc. 78
Bemis Bro. Bag Co. 49
Paul O. Berg 89
Black, Sivalls & Bryson, Inc. 7
Blaw-Knox Co. 29
R. W. Booker & Associates 37
E. L. Burgen Co. 23
Burhop & Co. 53
Butler Mfg. Co. 44-45
Cargill, Inc. 8
Central Soya Co., Inc. 69
Chase Bag Co. 43
Columbian Steel Tank Co. 9
Crown Iron Works Co. 75
Dannen Mills, Inc. 63
Delphos Grain & Soya Products Co. 4
Denco Co. 55
Dunbar Kapple, Inc. 12
Essmueller Co. 86
Farmers Cooperative Assn. 74
Filter Fabrics, Inc. 58
Fort Worth Steel & Machinery Co. 38
French Oil Mill Machinery Co. 33
Galesburg Soy Products Co. 51
General Mills, Inc. 61
Jacob Hartz Seed Co., Inc. 76
Hawkeye Soy Products Co. 79
Honeymead Products Co. 66
Hot Spot Detector, Inc. 77
Humphrey Elevator Co. 89
Humphreys-Godwin Co. 13
Huntley Mfg. Co. 67
Illinois Soy Products Co. 82
Iowa Milling Co. 30
Jones-Hettelsater Construction Co. 12
Kansas Soya Products Co. 34
Langston Bag Co. 63
Law & Co. 89
Laws & Overley 50
Leslie Analytical Organization 60
George Lloyd Levin 86
Merrill Lynch, Pierce, Fenner & Beane 80
Marianna Sales Co. 12
Massey-Harris Co. 73
Memphis Board of Trade 39
Memphis Concrete Silo Co. 41
Metropolitan Vegetable Oil Co., Inc. 34
Eldon Miller, Inc. 51
W. L. Minkus & Co. 27
Minneapolis & St. Louis Railway 52
Minneapolis-Moline Co. 10
Mitchell, Hutchins & Co. 89
Myers-Sherman Co. 71
National Assn. of Margarine Mfrs. 79
Nellis Feed Co. 79
New York Produce Exchange 14
Phillips Petroleum Co. 91
Prater Pulverizer Co. 85
Quincy Soybean Products Co. 89
Roesling, Monroe & Co. 57
Ross & Rowe, Inc. 14
Schutte Pulverizer Co. 59
Seedburo Equipment Co. 11-47
Shanzer Mfg. Co. 78
W. M. Simeral & Co. 64
Orville Simpson Co. 88
Skelly Oil Co. 2
A. E. Staley Mfg. Co. 31
Standard Commission Co. 74
Esso Standard Oil Co. 20
Stillpass Transit Co. 40
Mrs. Tucker's Foods, Inc. 65
Twin City Machine Co. 36
U. S. Rubber Co. 54
Uptown Welding 40
Urbana Laboratories 68
Victory Mills, Ltd. 56
Wilbur-Ellis Co. 72
Woodson-Tenent Laboratories 87
Zimmerman Alderson Carr Co. 15

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AMERICAN SOYBEAN ASSOCIATION

Late News

Vol. 2, No. 15

Hudson, Iowa, Sept. 10, 1954

Published 22 times yearly as a service to the soybean industry.

SIZE OF THE CROP

The two big question marks are: (1) the size of the soybean crop and (2) when will it move?

The U. S. Department of Agriculture crop report for Sept. 1 will be out by the time you receive this issue. **Two private forecasters raised their Sept. 1 estimates as compared to a month earlier, due to general rains in August.** C. M. Galvin forecasts a national harvested crop of 336.2 million bushels compared with 317.4 million Aug. 1. Leslie Commodity Letter sees 313.6 million bushels compared with a prediction of 309 million earlier. **Leslie calculates a total demand of 320.3 million bushels for the 1954 crop.**

The crop has improved greatly and prospects are generally good in the northern and middle portions of the soybean belt. But in southern Illinois and south the crop has deteriorated due to continued drought. Considerable acreage has been cut for hay.

1954 CROP MOVEMENT

Crop movement will be under way by the time you receive this report. Scattered reports of receipts of new crop beans were coming in by Sept. 1 and there should be considerable movement by Sept. 15. **But the bulk of the crop in the northern bean belt won't move as early as last year and the expectation is for a fairly long harvest—much longer than in 1953.** Rains have kept plants green in northern and eastern areas. And heavy weed infestations brought on by the rains will also delay combining. Another factor is a second growth of pods brought on by the rains in some cases.

We have reports from Iowa, Minnesota, Indiana, Ohio, Missouri, Nebraska and Tidewater Virginia that harvest will be one to two weeks later than in 1953, which was extremely early. An extended period of hot, dry weather now would speed harvest. The U. S. Weather Bureau in its 30-day forecast issued Sept. 1 predicts **light rainfall over the entire soybean belt, but temperatures normal or below in the whole area except for Iowa, Minnesota, Kansas, Nebraska and the Dakotas.**

Walley Agricultural Service, Fort Wayne, Ind., reports an enormous acreage of soybeans was flattened by winds and rains. Early pods are slow in filling and as a result of too much rain late pods are slow to form. Walley says the situation will be corrected by hot, dry weather and no early frost.

STORAGE OF 1954 CROP

The general trend is for considerably more storage of the 1954 crop than was true last year. Our reports show 25 to 90 percent of the crop will be stored in main production areas and **any downwad trend in prices at harvest will stimulate storage.** J. E. Johnson, Champaign, Ill., cautions this may be the year to go slow on storage.

JAPANESE TRADE

The Foreign Agricultural Service of U. S. Department of Agriculture has received a cable from its attache in Tokyo saying a **trade report of large-scale Japanese purchases of soybeans from Manchuria apparently is incorrect.** The report several week ago had indicated Japan would buy as many as 18 million bushels of Manchurian soybeans.

FAS says the only authorizations so far have been for fairly small-scale barter deals. Also, that a check with the industry in

Japan indicates that quantity transactions are not considered likely in the near future.

EXPORT OUTLOOK

Another scramble between processors and exporters for soybeans appears likely. A very substantial amount of soybeans could be exported this season under the surplus disposal act. But it now appears doubtful that soybeans will be put on the "surplus" crop list making beans eligible for export in exchange for foreign currencies under the new trade development act.

Top officials so far are opposed to the idea. They feel that soybeans are enough in demand so that exports will move freely without special export consideration.

To qualify for making the special export list, a commodity has to be in big enough supply to more than meet domestic requirements, probable dollar exports, plus a reasonable carryover. Some officials urge that putting soybeans on the list would be saying in substance that we've got too many and ought to cut down.

PRICE FOR CCC-HELD OIL

The domestic sales price for CCC-held cottonseed oil is continued for another year at the 15-cent-a-pound level. In its September announcement of the domestic price list, CCC commits itself to a domestic sales price of not less than 15 cents for crude oil for the year ending Aug. 31, 1955.

DAMAGE BY PESTS

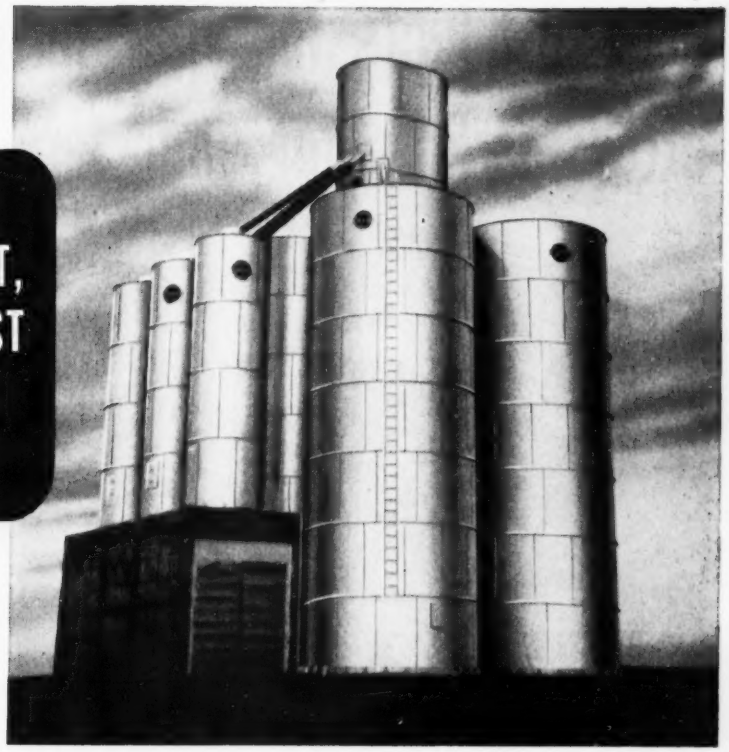
Grasshopper damage is widely scattered over the Midwest and Midsouth and some spraying has been done as a control measure. Green cloverworms have been unusually abundant and have seriously damaged many soybean fields in several Illinois counties, but attacks have subsided, according to U. S. Department of Agriculture. The pest has also been reported extensively in Missouri. There are scattered reports of corn earworm in Missouri and Arkansas; of bean leaf beetle in North Carolina and Missouri; and of velvetbean caterpillar in Florida and Louisiana. No unusual amount of disease is being reported.

OIL MEAL PRODUCTION

A tentative estimate of oilseed meal production from 1954 crops indicates a total about the same as last year—8.5 million tons as against 8.6 million in 1953-54. The figures are based on the August crop estimates. With an improvement in the soybean crop the meal total would be slightly larger than last year. Soybean tonnage is estimated at 5.5 million tons; 4.875 last year.

	Cash price to farmers for No. 1 soybeans Sept. 3	Price to farmers for new crop soybeans Sept. 3	Retail cash price for bagged soybean oil meal Sept. 3
Ill.		$2.50 @ $2.52	
Ind.	$3.25	2.45 @ 2.68	$120
Iowa	3.00	2.38	110
Kans.	2.58	2.40	101 @ $105
Minn.		2.38 @ 2.42	96.50 @ 113
Miss.	3.00	2.35 @ 2.40	
Mo.	3.17	2.34 @ 2.85	103.50
Nebr.			107
Ohio	2.43		111
Okla.	2.75		120

Recently completed for the Gano Grain Corp., at Whitelaw, Kansas, was this BS&B Bolted Steel Grain Tank installation. It consists of four 16,498 bu. tanks, three 1,729 bu. tanks, a 12′ x 17′ x 24′ head house and a scale house, for total storage capacity of 71,179 bu.



If You Want LOWER ERECTION COST, LOWER OPERATING COST AND BETTER GRAIN PROTECTION . . .

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BS&B BOLTED STEEL GRAIN TANKS!

No Other Type of Grain Storage Facility GIVES YOU ALL 6 FEATURES!

1. Absolute protection against moisture and vermin!
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4. Faster and cheaper erection!
5. More economical operation!
6. Lower insurance rates on contents!

EFFICIENCY
OVER 60 YEARS
B'S&B
RELIABILITY

There are many reasons why BS&B Bolted Steel Grain Tanks are better than any other type grain storage facility you've ever known!

Grain men in all parts of the country have found from actual operating experience that BS&B Tanks "keep" the grain better, because their rubber-gasketed steel walls are absolutely vermin and moisture proof! Unlike wood or concrete, steel walls *cannot* absorb moisture, nor can condensation or "sweating" occur within them when stored grain has an original moisture content of less than 13%. No more sticky or fermented grain . . . BS&B Tanks *empty clean!*

The steel construction of BS&B Tanks gives your stored grain the greatest possible protection from external fire hazards, and in addition, virtually eliminates the possibility of spontaneous combustion from within! Since BS&B Tanks *are* safer, insurance rates on the contents are lower, too . . . in some instances as much as 35%!

BS&B Tanks can be completely erected and in service within *3 days* after foundations are ready. Foundations cost less, too, because steel tanks weigh so much less than concrete! Because of the better "keeping qualities" of steel tanks, grain stored in them does not have to be "turned" as frequently as with other types of storage. This means *money saved* on erection, and *money saved* on every day's operation!

Better talk it over with your BS&B Representative the next time he calls! Or if you prefer, we'll be glad to send you complete information.

Ideal For Fish and Vegetable Oils, Too! BS&B Bolted Steel Tanks have found wide use in certain geographical areas for the clean, safe storage of fish oils, peanut oil, linseed oil, flaxseed oil, cottonseed oil and molasses. Whatever and wherever your storage needs, BS&B Bolted Steel Tanks will meet your specifications — and at lower cost!

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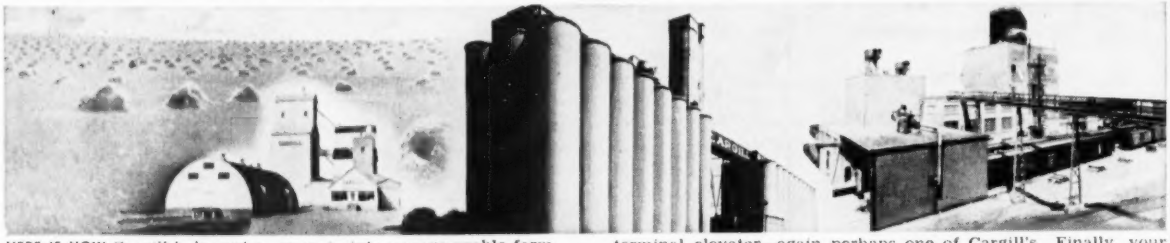
BETTER MARKETS for your flaxseed because Cargill creatively processes and sells Linseed Oil.

BETTER MARKETS & PRODUCTS for you because of high-quality soybean meal Cargill processes.

BETTER MARKETS for your bean crop because Cargill is processing and improving the oil.

BETTER MARKETS for your flax crop when Cargill is processing and selling the linseed meal.



HERE IS HOW Cargill helps get your grain into a more usable form. First, your grain goes to a country elevator—perhaps one of Cargill's. Then, it is shipped (with your neighbor's grain) to a terminal elevator—again perhaps one of Cargill's. Finally, your grain is likely to go to a processing plant, where 75% of all farm products end up to be made into things to be eaten or used.

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PRODUCT OF Cargill CREATIVE PROCESSING

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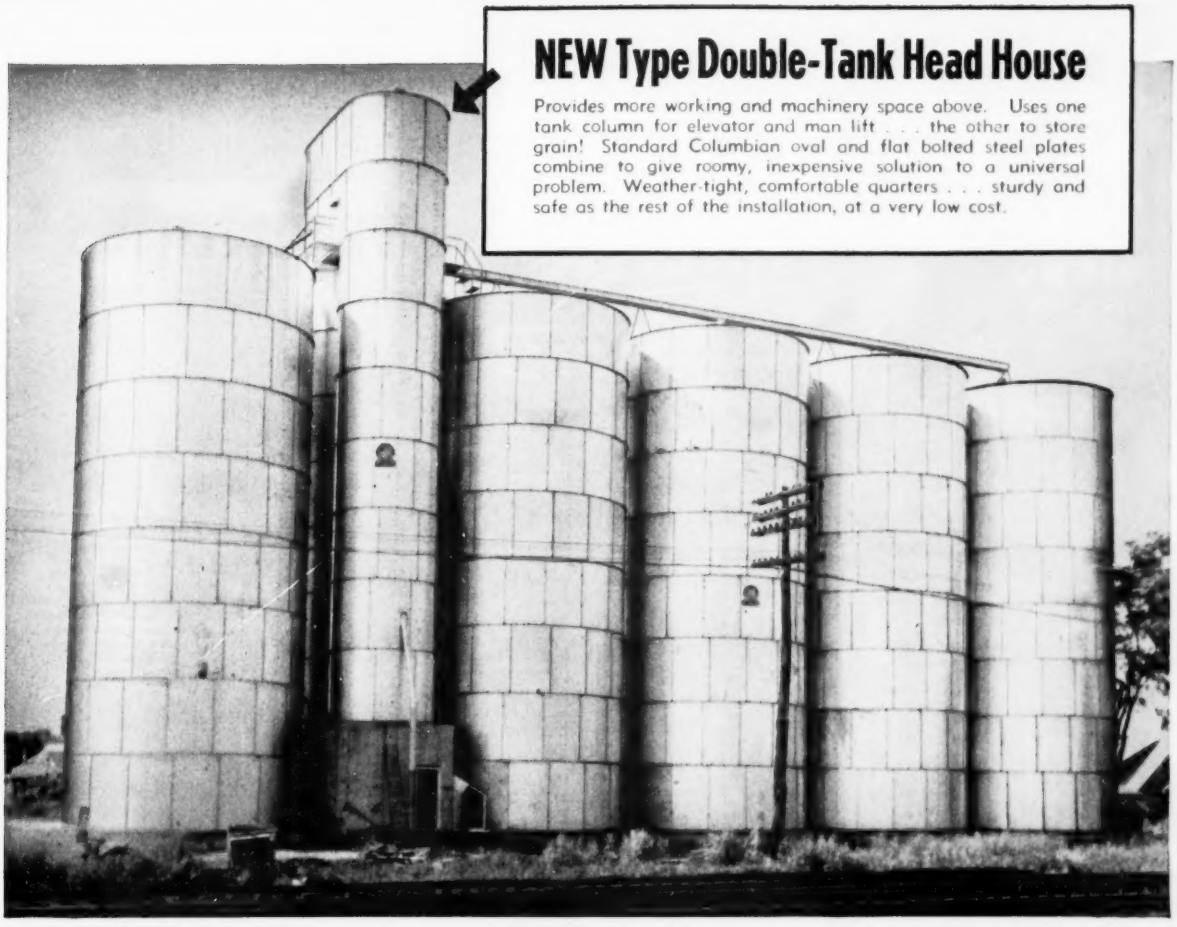

NEW Type Double-Tank Head House

Provides more working and machinery space above. Uses one tank column for elevator and man lift . . . the other to store grain! Standard Columbian oval and flat bolted steel plates combine to give roomy, inexpensive solution to a universal problem. Weather-tight, comfortable quarters . . . sturdy and safe as the rest of the installation, at a very low cost.

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● With a minimum of investment, Farmers' Cooperative Elevator, Tiffin, Ohio, now offers modern grain storage second to none. Five Columbian Bolted Steel Grain Tanks and the new Double-Tank Head House combine to make 150,000 bushels of storage. Low in first cost. Speedily erected by ordinary labor, without special tools. And their ease of maintenance and long service life is a big boost towards profitable operation! Reasons aplenty why Farmers' Coop specified "Columbian."

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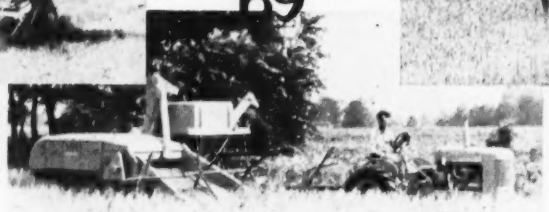

'69'

UNI-HARVESTOR

Powered and propelled by the MM Uni-Tractor, this MM Uni-Harvestor combines your crops at a new low cost. The same Uni-Tractor also mounts the Uni-Forager, Uni-Husker and Uni-Picker Sheller.

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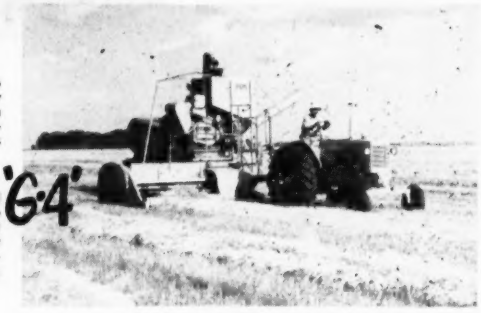
Big capacity, light weight, and outstanding performance make the MM G-4 Harvestor biggest seller in the 12-foot size. Built for either one- or two-man operation . . . real cost-cutting efficiency.



HERE'S PERFORMANCE THAT TOPS THEM ALL!

When you buy *any* of these 5 MM Harvestors, you buy performance that gets *all* your crop . . . gets it *clean* . . . gets it into the truck box in the *shortest possible time* . . . and at the *lowest possible cost*. You buy advantages that only the builders of the original, light-weight, big-capacity combine can offer . . . advantages that *keep* MM Harvestors —and Harvestor-owners—ahead of the field!

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Before you buy *any* combine, see your MM dealer for complete facts on *all* the money-making advantages MM Harvestors can give you.

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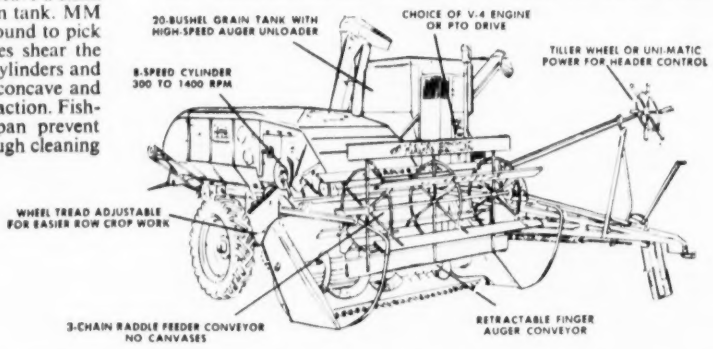
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618 W. Jackson Blvd.
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Please send me literature on the 400-G Steinlite Moisture Tester now listed at the new low price of $345.00

Name _____

Address _____

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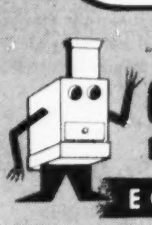

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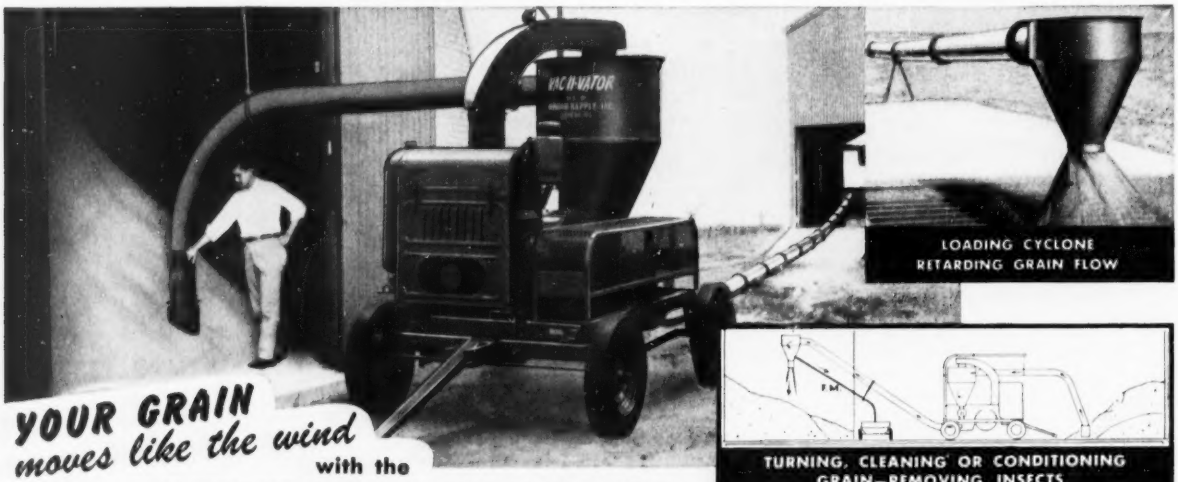

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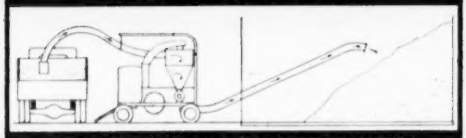

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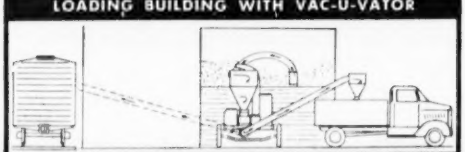

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Honorary Life Member—1954

J. Ward Calland

J. WARD CALLAND was born and raised on a farm near Summerfield, Ohio. He received his bachelor of science degree in forestry from Ohio State University College of Agriculture in 1913.

From 1913 to 1918 Mr. Calland was on the staff of the Ohio Agricultural Experiment Station at Wooster, Ohio. From 1918 to 1929 he was manager of the Miami Conservancy District which included 10,000 acres of Ohio farm land. Here he first became interested in soybeans and substituted soybeans for oats in some of the crop rotations on these farms. Later he was farm appraiser for the Union Joint Stock Land Bank of Detroit, Mich.

He was manager of the Holland-St. Louis Sugar Co. at Decatur, Ind., and vice president and member of the board of directors of Central Sugar Co., also of Decatur.

When Central Soya Co., Inc., was founded in 1934 on the property of Central Sugar Co., Mr. Calland again had a chance to work with his favorite crop, soybeans. Over a 10-year period he annually grew 2,000 acres of soybeans on the firm's land. Following liquidation of Central Sugar Co. in 1944 he gave full time to promotion of the soybean crop as agronomist for Central Soya Co.

While Mr. Calland was agronomist for Central Soya Co. he wrote the booklet, "Soybeans on Your Farm," in cooperation with the agricultural colleges.

Since 1948 he has been managing director of the National Soybean Crop Improvement Council, which is sponsored by the National Soybean Processors Association.

He has written and published the bulletin, "Soybean Farming," which has gone through two editions, and distributed close to 300,000 copies. A third edition will be prepared this coming year. He has produced the 16mm full-color film, "Soybeans—the Feature Story," which has also had wide distribution.

He has organized the annual tri-state university-processor meetings held at different universities each winter.

Mr. Calland was formerly a member of the board of trustees of Purdue University. For many years he has worked closely with agronomists and extension workers of the various agricultural colleges and experiment stations. He has been responsible for granting of several research fellowships by the soybean industry to state universities.

He has encouraged soybean research, and just recently he has helped to spearhead a successful drive for additional federal funds for research on soybean production.

Over the years Mr. Calland has contributed to improved friendly relations on the part of producers, agronomists, extension workers and soybean producers, and a better understanding of each other's problems.

Mr. Calland was chosen an honorary life member of the American Soybean Association at its annual convention in Memphis. The award was presented at the annual banquet. He was the 19th member so honored.

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BROKERS TO THE SOYBEAN PROCESSOR

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At top, three convention speakers who tackled the problem of soybean grades: Glenn Pogeler, North Iowa Cooperative Processing Association, Mason City, Iowa; A. A. Clarkson, Public Grain Elevator, New Orleans, La.; and L. E. Kennedy, Kennedy's Grain Elevator, Newton, Ill. Second picture from top, L. M. Humphrey, R. L. Dortch Seed Farms, Scott, Ark.; and H. J. Gramlich, Chicago & Northwestern Railway Co., Chicago. Third from top, processors F. E. Benson, Archer-Daniels-Midland Co., Minneapolis; and Harry E. Wiysel, Fremont Cake & Meal Co., Fremont, Nebr.

Read from left to right on all pictures. Photos by Kent Pellett of Soybean Digest.

Three Meetings...

Two other groups meet with American Soybean Association in outstanding Memphis meetings

WITH THREE soybean associations meeting at the same time, with the most solid convention program to date, and with social activities far more extensive than anything in the past, the meetings at Memphis Aug. 30-Sept. 2 will long be something to shoot at.

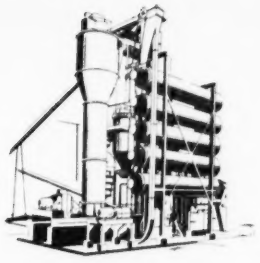
The annual meetings of the National Soybean Processors Association and the Midsouth Soybean and Grain Shippers Association were held at Hotel Peabody in addition to the 34th annual convention of the American Soybean Association. Efforts of the convention committees of the Memphis Board of Trade were highly instrumental in the success of the meetings.

The ASA program was pitched toward expanded markets including exports rather than government controls; and toward that end, the marketing of an exportable bean. But the group heard a warning by Wm. Rhea Blake of the National Cotton Council that the cottonseed surplus will eventually undermine the soybean industry as well as cotton unless solved.

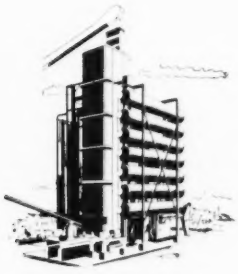
Jake Hartz, Jr., Jacob Hartz Seed Co., Stuttgart, Ark., was reelected president; Albert Dimond, Lovington, Ill., vice president; and Geo. M. Strayer, Hudson, Iowa, executive secretary-treasurer.

A newly-elected director was Harold Lumsden, Essex Grain Co., Essex, Mo., succeeding Edward Tillman, O. H. Acom Farms, Wardell, Mo. He will serve for a one-year term.

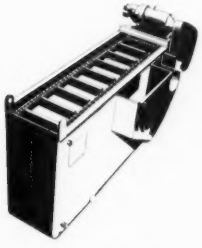
At left, three agronomists: F. Dimmock, Central Experimental Farm, Ottawa, Canada; Ivan Roberts, Victory Mills, Ltd., Guelph, Ontario; and J. L. Cartter, U. S. Regional Soybean Laboratory, Urbana, Ill. At right, Jake Hartz, Jr., delivers the president's address. At bottom, some of the chairmen of the Memphis Board of Trade committees that cooperated in putting on the meetings: A. A. Williams, executive vice president of the Memphis Board of Trade and co-chairman of the general committee; Lee D. Canterbury, president of the Board of Trade and member ex-officio of all committees; Ed Jappe, president of Marianna Sales Co., and chairman of the general committee; and Dixon Jordan, Standard Commission Co., chairman of the advertising committee.



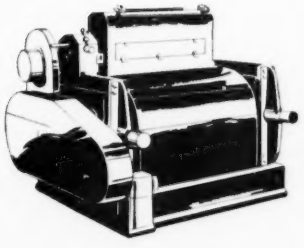
Total Immersion Solvent Plants



Basket Type Solvent Plants



Screening Tanks



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Reelected to two-year terms: David G. Wing, Mechanicsburg, O.; H. H. Huddleston, Lamont, Miss.; LeRoy Pike, Pontiac, Ill.; Geo. M. Strayer, Hudson, Iowa; and O. H. Acom, Wardell, Mo. John Sawyer, London, Ohio, was reelected to a one-year term.

J. Ward Calland, managing director of the National Soybean Crop Improvement Council, Decatur, Ind., was named an honorary life member at the annual ASA banquet.

Over 500 people from 29 states and Canada were present at the ASA convention. Almost 100 women, a new record, were present and participated in social activities.

The social events, a number of which were courtesy of the Memphis Board of Trade and of Memphis firms, would make a lengthy list. In addition to the annual banquets of the Processor Association and ASA, there were breakfasts, luncheons and cocktail hours. Entertainment with big time talent at the ASA banquet was provided by the Memphis Board of Trade.

The Memphis Board of Trade presented an award to John M. Trenholm, Standard Commission Co., Memphis, for his long years of service with the Board. He has been a member of the Exchange since 1907, and has been both president and secretary of the Exchange. The presentation was made by Ed Jappe, president of Marianna Sales Co., and general chairman of convention committees.

Only a small group survived the convention to attend the field day at the Arkansas Delta Substation at Clarkedale. Those who did go were amply repaid by the demonstration of the test plots by John L. Dameron, assistant director of the Cotton Branch Experiment Station, Marianna, Ark.; P. E. Smith, associate agronomist at Fayetteville, and others on the staff.

They saw the irrigation experiments, varietal plantings, weed control experiments which included the use of chemicals, tillage plots and other tests.

Most ASA convention speeches are published on following pages. Others will appear in later issues.

Top picture at left: New director from Missouri, Harold A. Lumsden of Essex. Second from top, Louis Groh, Claybank, Va.; H. I. West, Bay Minette, Ala.; and Hugh Seeburger, St. Charles, Mo. Third from top, C. M. Gregory, Dike Cooperative Co., Dike, Iowa; and Paul C. Hughes, Farmers Soybean Corp., Blytheville, Ark. Second from bottom, Mr. and Mrs. John M. Trenholm of Memphis, after receiving recognition from the Memphis Board of Trade for Mr. Trenholm's many years of service. He was chairman of the convention reception committee. Bottom: Mrs. Ward Calland, Decatur, Ind., and Howard L. Roach, Plainfield, Iowa. Mrs. Calland was presented with the spray following the honorary life membership award to her husband. Below, John W. Evans, Montevideo, Minn., reports for the resolutions committee. At right are President Hartz and Secretary Strayer.

Processor Meeting

THE ANNUAL meeting of the National Soybean Processors Association was one of the most successful, with about 350 people attending social sessions.

Directors elected to a three-year term were: D. O. Andreas, Earl J. Brubaker, Dwight L. Dannen, R. B. Jude, W. H. Knapp and Glenn Pogeler.

Holdover directors are: S. E. Cramer, A. C. Hoehne, Clarence E. Peters, J. J. Quinlan, Joe Sinaiko, and Ralph Wells with terms expiring September, 1955; E. A. Cayce, Jasper Giovanna, Willard Lighter, M. D. McVay, Ralph S. Moore, and Clark Yager, whose terms will end in September, 1956.

All officers of the Association were reelected to serve through the 1954-55 crop year. They are: R. G. Houghtlin, president; W. E. Huge, vice president, chairman executive committee; R. G. Golseth, secretary; and H. A. Abbott, treasurer.

Shippers Group

PAUL C. HUGHES, Farmers Soybean Corp., Blytheville, Ark., was elected president of the Midsouth Soybean and Grain Shippers Association at the first annual meeting at Memphis Aug. 30.

J. P. Critz, Clarksdale Grain Elevator, Clarksdale, Miss., was elected vice president; and Al Cravens, Missouri Soybean Co., Caruthersville, Mo., was elected secretary-treasurer.

The shippers held an informal meeting with export buyers following the business meeting. The exporters represented agreed to buy on No. 1 grade, with discounts starting at 2.5 percent foreign material. They will discount 2 cents at 2.5 percent foreign material, and 3 cents at 3 percent f. m.

For each additional 1 percent foreign material there will be an additional 1-cent discount.

Below 2.5 percent foreign material there will be no dockage for f. m. only on weight.

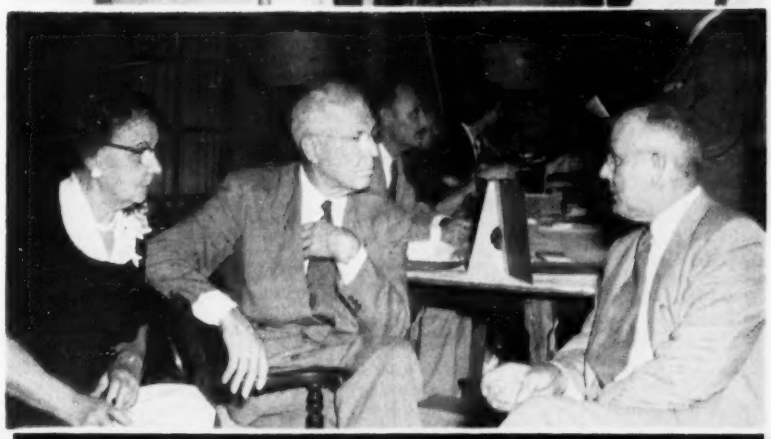
Annual Report of The President

ANOTHER YEAR has passed and soybeans have again set records we never expected 12 months ago. It's easy to look back and correct our predictions to bring them up to the level line, but what worries me is the future, not the past.

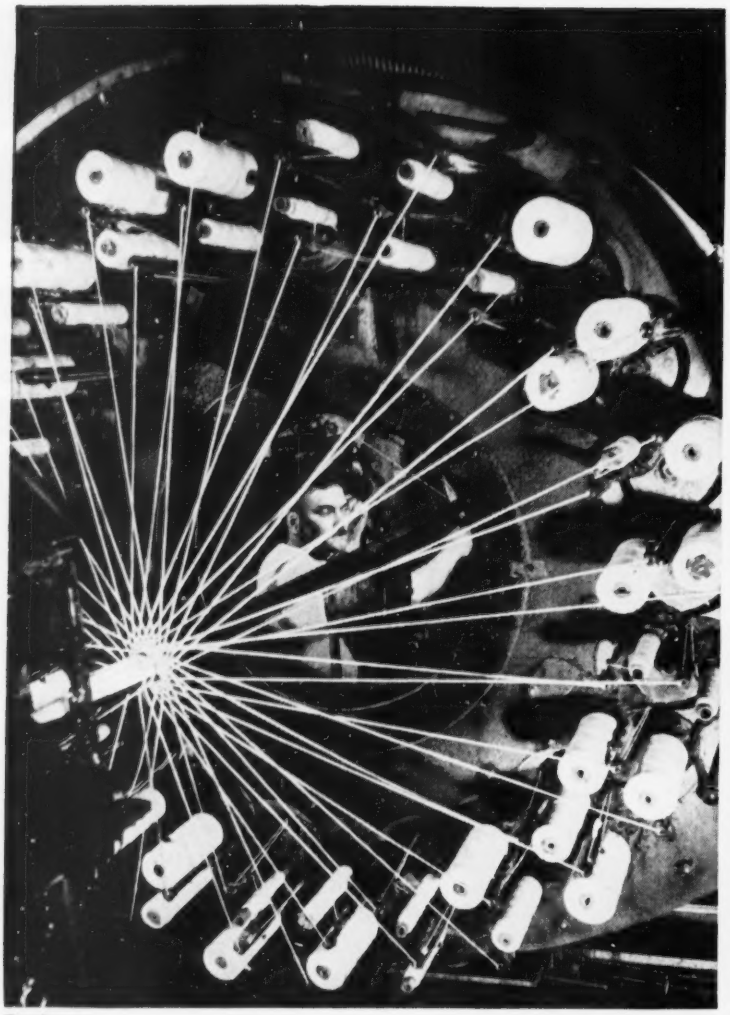
We have been blessed in our industry by a crop with someone waiting at the door to buy. Our acres have continued to grow; and regardless of predictions, we still do not have enough production to satisfy the demand. Maybe this is the year we will have a stabilizing carryover, but I seriously doubt it. Had we not suffered from drouth in the South, the story might have been different.

We, as soybean growers, must produce to supply the demand. Enough soybeans should be produced to supply our domestic demand as well as build our export market. This must be done at a price profitable to the grower, and at the same time be competitive on world markets.

At the same time we must con-



Top picture at right: At the annual banquet, directors John Sawyer, London, Ohio (l), and Ersel Walley, Fort Wayne, Ind. (r), and Mrs. Walley. Second from top: Ed Tillman, O. H. Acorn Farms, Wardell, Mo.; Al Cravens, Missouri Soybean Co., Caruthersville, Mo.; Jake Hartz, Jr., Jacob Hartz Seed Co., Stuttgart, Ark.; and O. H. Acorn, Wardell, Mo. Second from bottom: Dr. and Mrs. W. L. Burlison, Urbana, Ill., visit with David G. Wing, Mechanicsburg, Ohio. Burlison and Wing are life members of the Association. Bottom: At the banquet, agronomists K. E. Beeson and A. H. Probst of Purdue University, Mrs. John Gray and agronomist John Gray of University of Louisiana; and Mrs. Hartzell Banks, Albuquerque, N. M. Below: Three Iowans, Francis Kutish, Iowa State College economist; Ralph A. Olsen, Boone Valley Co-op Processing Association, Eagle Grove; and C. M. Gregory, Farmers Cooperative Co., Dike.



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tinue to do everything in our power to build our markets. Your Association has done many things to bring you 5, 10, yes, even 50 cents more per bushel for your crop. We have entered the stage where our crop must be protected from other competing crops, the products from our crop must have new markets before we can reach the peak of our producing power, and be profitable to the grower. We should have closer relationships within our own industry as well as related industries to better understand each other's problems. We should have representation in our foreign markets to sell our beans, to find out just what these people want to buy. I could go on all day giving reasons of this kind; but let's get down to the meat of the coconut. We, as growers, have been too well contented with our $3 and $4 soybeans, and have not given enough consideration to the proper financing of the one organization that could help us build our crop to double its size, and that is the American Soybean Association.

Who is going to do all these jobs for us? Who is going to sell our 50- or 100- or 200-million bushel increases in production? It's not going to sell itself. You have empty soybean bins now. Do you want them to stay that way, or do you want to start producing for storage rather than market? You have had the good years. Now it's time to start planning for the future and work out a proper financing plan for this Association, so these jobs can be done. Your cooperation will be needed. Farmer, elevator man, and processor alike, you all have a stake in this crop. Why not help promote it? Various plans have been tried, but with very little success. I would like someway to see a kitty, so to speak, of $50,000 raised from the industry to properly start a field and finance program. It's your responsibility as well as your directors'. Are you going to let it go down the drain?

Your Association has been head over heels in work the past 12 months. I would like to thank George Strayer and the office force at Hudson, also your directors, for the very fine support given me. They have worked hard and I appreciate their cooperation.

It is without saying that we have enjoyed having the National Soybean Processors and Midsouth Soybean and Grain Shippers meet with us. I have heard many people remark they were certainly happy these meetings could be held together.

Without the assistance of the Memphis Board of Trade and its convention committee, this meeting could not have been possible. These people have worked hard to entertain you and have my deepest thanks.—*Jake Hartz, Jr., president, American Soybean Association.*

Report of Secretary-Treasurer

EACH YEAR as we gather at convention we are faced with different problems. Two years ago the major item of discussion at our convention was ceiling prices—and soybean grades. One year ago as we met at St. Louis many were still thinking in terms of a 329-million-bushel soybean crop, and there was talk of surpluses and support prices.

Before the season had advanced very far we were worrying about the short crop and the high prices of soybean oil meal—together with the effect upon consumption. If nothing else, the soybean industry is one in which the same conditions never confront us in two consecutive years —or even two consecutive months.

The 1953-54 fiscal year of the American Soybean Association has been an interesting one, for it has brought some more of the changes which were anticipated shortly after the close of World War II, and which did not come at that time. We have the biggest soybean acreage in histroy. Logically we should have the biggest crop in history. But this year the weather man started his inroads early, and by the end of July had convinced many people that he meant business. We will, unless I miss my guess, have the biggest soybean crop this country has ever produced. But in spite of that many people are talking about trying to limit exports, and about shortages.

We are in a period of agricultural adjustment. Somehow we delayed that period of adjustment, through legislative and other means, several years longer than seemed probable at war's end. Now we are engaged in a concerted effort in America to fit our production to consumption and exports, maintaining a reasonable carry-over or reserve of major commodities. Soybeans are caught in that adjustment. Actually, there would appear to be no surplus of soybeans or soybean products.

But there are surpluses of competitive products such as cottonseed oil, and when there are surpluses of any edible or vegetable oil they affect the market for soybean oil. As Rhea Blake, Jim Thigpen and others have so ably told you, we cannot isolate ourselves from these other commodities. Their surpluses and reserves are also ours, and we must consider them in making plans. In the drafting of our recommendations for any governmental programs affecting soybean acreage and production in 1955 we must give consideration to our competition and the effects of their products on ours.

And at this time I want to point out the necessity for this meeting, today, formulating the groundwork on which your officers and directors

At left, Paul Smith at microphone addresses group at Clarkedale, Ark., experiment station during the field day. At right, Dr. John Gray, University of Louisiana agronomist (r), examines soybean plants in irrigated plots.

can build a program to be recommended to the Secretary of Agriculture for 1955 crop soybeans. It was upon the basis of recommendations from this organization to the Secretary of Agriculture last fall that the current 80 percent of parity support level on 1954 crop soybeans was adopted and announced. Your thinking was apparently a year ahead of that of Congress! And in spite of the protestations of a few, the great glut of soybeans apparently is not going to be with us this year! But with lowered support price levels on other crops, and with limited acreages on many of them, we must carefully consider what we want in 1955, and be ready to recommend and fight for it.

This has not been a legislative year in most states, and because of that there has been very little action in that field. We have made some preparations for further work on both margarine and mellorine legislation in 1955, attending meetings with other interested groups, and formulating plans for action.

But this has been a Congressional year, and there have been chores to do in Washington. For a period of three years we have been participating in a joint endeavor with a number of other agricultural groups, aimed at increasing the federal appropriations for basic research work in agriculture. It has been our feeling, and that of many other groups, that we have been, during the past decade, living off the basic research of previous periods, and that we were not adding to that basic knowledge at a speed which would enable us to continue the progress which we should make. It was our fear that we were using up the knowledge faster than it was being brought forth, and that some place along the line, in the next decade or so, we would reach a stalemate.

Funds for basic research in agriculture had not been increased in many, many years. But costs had increased tremendously in that same period. It was necessary that some group or groups be responsible for engineering added research funds for USDA through Congress. The apporpriations for the year starting July 1, 1954, were increased by a considerable sum. Of that increase, a total of $100,000 was allocated to the basic research work on soybean varietal development. This $100,000, specifically earmarked for soybean work, is in addition to the funds previously appropriated in the regular appropriations bill, in approximately the same amount as in the previous year. Thus, Dr. Johnson and the other men doing the soybean varietal development work are going to have, for the first time in a number of years, more nearly adequate funds with which to work.

But in addition to the allocation of additional funds for soybean varietal development work there was also an allocation of $60,000 additional funds for work on the utilization of soybean oil. This will enable the folks at the Peoria Laboratory and at other points to expand the work they have under way, perhaps launch new projects, more adequately finance those which have been started. I think it may be said that the joint efforts of the many organizations paid off, for agriculture for the first time in several years has again been recognized as a basic industry requiring adequate federally-financed basic research work. We should pay our respects to the American Farm Bureau Federation, the National Grange, the National Cotton Council and to the other commodity groups which carried the ball on this legislative effort. I must admit we profited out of proportion to our contribution.

We still have with us one of the major problems plaguing our industry for the past several years. The federal grades on soybeans have not been satisfactory from the standpoint of the producer since they were last changed in 1949. One year ago, in report to you, I dwelt at length on the trends in our industry because of the laxness of foreign material allowances in our grade.

The situation has not changed. The same problems are with us today that have existed for several years, and one of the steps which must be taken before the situation rights itself is the downward adjustment of the foreign material allowances in our federal soybean grades. It is my sincere hope that this meeting, in the adoption of resolutions, will call for public hearings on a proposal to lower foreign material percentages by 1 percent on each grade, and will instruct the board of directors to petition for such hearings by the grain grading branch of USDA.

In spite of the short crop and the relatively high prices which our soybeans have been selling for during recent months, we have exported more soybeans from the United States during the past crop year than ever before in history. Estimates run at about 40 million bushels. The prospects for exports from the 1954 crop are even brighter. The lowering of the allowable foreign material content will tend to increase those exports and make the buyer more satisfied with our commodity. While it would not affect the 1954 crop movement, changes announced for 1955 would be of material psychological value.

I should point out here that under the increased appropriations made by Congress more funds are now available to the grain grading branch of USDA, and that we should demand closer supervision of local grading agencies and constant research on better sampling methods. More money is available, and I am sure E. J. Murphy and his staff will give us more and better service.

We have a product which the world wants, and so long as we are willing to supply quality and be competitive in price with other soybean production areas and other oilseed crops we will have a continued and expanding market. I am firmly convinced that we can produce better soybeans more cheaply than at any other place in the world today, and that we should capitalize on it. Of all the commodities represented on the Trade Missions to Europe soybeans were one item that practically every country wanted in quantity.

The Mission was a liberal education in foreign trade and foreign affairs, and it is my hope that through a period of years I can make the contacts and the information pay off for you as members of the American Soybean Association. You paid my salary while I was on the Mission —Uncle Sam paid the expenses. You invested about seven weeks pay in me in order that I might participate, and I hope you got your money's worth! One-tenth of 1 cent per bushel on the first 1 million additional bushels of soybeans exported as a result of my participation in this Mission will far more than pay the costs incurred. If we do not sell at least 10 million additional bushels of soybeans into export markets in each of the next two years I'll be greatly disappointed!

However, to do that we must have free exportation of soybeans, without restriction, and we must have soybeans placed on the list of commodities available to foreign buyers through purchase of foreign currencies, under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954. Soybeans are not on that list now, and will not be there unless concerted efforts are made to place them there. Your officers have a job cut out for them during the next few weeks in this one!

During the past year your Association has operated with limited finances. The sale of advertising space in the Soybean Digest and the Soybean Blue Book have not brought as much revenue as in previous years, as the linage of advertising dropped in our publication, along with most other commodity publications of our type. The income from memberships shows a healthy increase over the previous year. Because of the decreased number of pages of advertising our issues of the Soybean Digest have been smaller. That, coupled with the fact that during the year we changed printers and are now paying less for our print jobs, has allowed us to hold our expenses within our income.

The report of our auditor shows a net worth of your Association of just over $2,000 less than the figure of a year ago. A portion of this is due to the lowered inventory, since we no longer purchase the print paper for the Soybean Digest, and a portion of it is due to the removal from inventory of a goodly number of the older copies of both the Soybean Digest and the Soybean Blue Book which have been held for sales purposes, and which may still have some sales value, as we are frequently having calls for complete sets of copies from libraries and other institutions. Actually we have more cash in the bank with which to operate than we had one year ago.

The actual paid membership of the Association is now the largest in history, and the subscriptions to our 32-times-per-year newsletter "Late News" have exceeded our expectation by a good margin. The season of greatest interest in this publication is just now approaching, and we hope that the next few months will show a material gain in the returns from this publication. You will recall that it was started only a year and a half ago, and that it was a new experience to your office staff and to the industry. It has enabled your staff to keep in more constant touch with industry developments, and thus to do a better job on the two other publications.

Again during the past year we have lost to the Great Creator some of the men who made our industry what it now is. They are the men who laid the groundwork upon which they and their successors have built. Among them are David Fairchild who headed the plant exploration work in the U. S. Department of Agriculture for many years, and one of the men responsible for bringing to this country the many varieties of soybeans for testing. Also among those joining the Great Creator were Walter M. Scott of Louisiana, one of the oldest and largest producers of soybeans in the South, and Louis Wagner of Indiana, a pioneer producer in that area. To these men, and to the others who did the pioneering job which has made our industry what it is we owe a deep debt of gratitude.

In every organization there are certain men who carry the burdens, and upon whom the paid executive calls to do many of the jobs which they can do much better than a hired man. Your Association is most fortunate in having many of those men within its membership. At this time I want to pay special tribute to Albert Dimond, who spent days and weeks of his time last winter holding meeting after meeting through his state of Illinois and in adjoining states, acquainting farmers with the American Soybean Association and its objectives and programs, and obtaining their reactions to various long-time program suggestions for soybeans. Albert contributed literally months of his own time to your organization, and we are deeply indebted to him for that contribution.

In closing this 14th annual report which I have made to you as your secretary, I also want to pay tribute to the many others who have spent large amounts of their time in behalf of the American Soybean Association and you. Included are Jake Hartz, Jr., your president, who has spent liberally of his own time and money in your behalf, Ersel Walley, who has made numerous trips to Washington for us, Dave Wing, John Evans, Chet Biddle, Howard Roach, and the other members of the board of directors who have contributed liberally of their time in your behalf.

To Kent Pellet, Del Cobie, George McCulley and other members of the office staff who have made the accomplishments of the year possible I want to extend my most sincere thanks. To all others who have in one way or another contributed to the work of the Association, and whose names I have failed to mention, my personal thanks. We trust the year has been one of which you can be proud, and that our efforts have made your particpation in the soybean industry a more satisfying and profitable one.—*Geo. M. Strayer, secretary-treasurer, American Soybean Association.*

Resolutions

BE IT RESOLVED by the 34th Annual American Soybean Association Convention assembled Aug. 30-Sept. 2, 1954, at the Peabody Hotel in Memphis, Tenn.:

We express our hearty thanks and appreciation to the Memphis Board of Trade and its individual members for their elaborate preparation, royal welcome and generous display of the traditional Southern hospitality.

We appreciate the comprehensive booklet covering the programs and committee personnel of both conventions assembled here, namely the National Association of Soybean Processors and American Soybean Association.

In addition to the many courtesies extended to our Association we are most grateful for the generous entertainment and consideration provided for our ladies.

RESEARCH

We recognize the increased appropriations by the federal government and other sources for research in soybeans. We commend the U. S. Department of Agriculture and our Congress for realizing that this increased research, made available by their appropriations, will be for the physical benefit and health of the American people and a contribution to our national economy. We hope this interest will continue.

GRAIN GRADING STANDARDS

We petition the grain grading branch of the USDA to reduce the allowable percentage of foreign material in each federal soybean grade. We direct our officers to prepare briefs at appropriate times to present our views.

We deplore the sales methods and trade practices that have damaged

(Continued on Page 78)

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What Will Happen to Soybean Prices?

By FRANCIS A. KUTISH
Iowa State College

FORECASTING the price of soybeans is a job that has many pitfalls lurking in the shadows. Soybeans are a joint product—they are used to make oil and meal. And both oil and meal have many competing products. So the job of soybean price analysis is a complicated one.

Yet, every farmer who produces soybeans—every processor who buys beans—every feed manufacturer who uses bean meal—all must form some price expectation about the product.

You and I know that nobody knows for sure ahead of time exactly what prices are going to do. Nevertheless there are some things to which we can tie—so that we do not need to be completely in the dark.

Let's begin with a look back at where we have been. Last year we started out with a bumper soybean crop prospect—only to have it deteriorate badly late in the season. This reduction—coupled with a small hog crop—contributed to a tight fats and oils situation. Even more important, with farmers boosting the numbers of hogs, poultry and dairy cows, the rising feeding demand for protein feeds put a squeeze on the short supply of soybean meal.

The following table will give you a better picture than can words of how the whole pictures stacked up:

Supply	1952-53	1953-54	1954-55 Est.
	Millions of bushels		
Stocks on Oct. 1	3.6	10.1	1-2
Crop	298.1	267.3	304*
Total supply	301.7	272.4	305*

* Based on Aug. 1 crop report.

Utilization		(estimated)	
Seed	20.5	26	26
Net exports	31.9	40	40-60
Crush	234.4	200	235
Feed and residual	4.8	4	
Total utilization	291.6	270	

Feed manufacturers got hurt in 1952. They bought heavily early in the processing season — at prices which later proved too high.

We often hear it said that "cattle feeders have a one-year memory"—apparently the same holds for the processing industry. Remembering the unfortunate experience of the previous year, meal business got off on a slow basis last fall. Soybean meal was priced cheaper than corn.

Benefit of Hindsight

Processors now wonder why they didn't see the fallacy of last fall's situation sooner. Meal was priced way too cheap—in the neighborhood of $55 per ton at Decatur, despite the 12 percent smaller bean crop. By late November the industry began to awaken to the imbalance between price and supply of bean meal. Prices rose to the $75 area within a couple of weeks. But they still weren't high enough; for the industry was crushing beans at a rate faster than it could continue, in view of the 10 percent smaller total supply of beans.

Eventually, meal pushed to the $100 area—then broke away when it apparently overshot the mark.

The oil side of the picture was not subject to as great price gyrations. A tight lard situation last fall helped pull soybean oil up at harvest time. But the government resale program on cottonseed oil held down soybean oil prices during the winter months below what otherwise would have been the case. By early spring, the soybean oil market had worked to around the 13½-to-14½-cent level. It seems to have stabilized pretty well in this area.

Coupled with this was a strong export demand for soybeans. Bean exports for the year ending Oct. 1, 1954, will be somewhere in the neighborhood of 25 percent over the shipments abroad of the previous year.

As we look back on the last year, we should learn some lessons. First, soybean meal apparently has what economists call a fairly inelastic demand. There is a market for a given amount, depending mainly upon the number of hogs raised, chicks hatched, hens in laying flocks, and to a somewhat lesser extent the number of dairy cows and cattle fed.

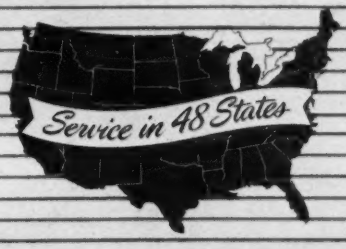
If we have a soybean meal supply short of that which is needed to fill this demand, the price goes up sharply. Feed manufacturers bid for meal to fill their orders from farmers. It takes a fairly sharp price rise to shrink this demand. On the other hand, if we have a soybean meal supply in excess of this demand, it apparently takes a fairly sharp price drop to bring increased use into the picture. While soybean and cottonseed meal and linseed meal are all high protein feeds, they are not completely substitutable. Thus, a short supply of one cannot be offset by a plentiful supply of one or both of the others.

The second lesson is that relatively small change in the export picture can make quite a change in the domestic soybean price picture.

So much for background. Now let's turn to the coming year. We still are up in the air over the supply part of the picture—that is the 1954 crop. We know that the carry-in of old beans will be negligible, compared with a 10 million bushel carry-in of a year ago.

Soybean prospects deteriorated

Storing 1954-crop soybeans may pay off. But storage won't bring the handsome returns of last year.



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sharply during July. On July 1 we had prospects for a 350-million-bushel crop. But the withering rays of a relentless sun day after day bore down on the crop, while cloudless skies brought no rain. And Aug. 1 found crop reporters foreseeing no more than a 304-million-bushel crop. While this still was a sharp boost over last year's short crop, it represented a sizable cut from July 1 prospects.

Many crop observers believe that rains and cooler weather have improved soybean crop prospects since Aug. 1 in the northern part of the growing area.

But in my estimates today, I have used Aug. 1 data. This gives us a total supply for the coming year of about 305 million bushels—just an eyelash over the supply of 1952-53, and 12 percent over last year's short supply. I recognize that this is likely to be the bottom figure—that it may be larger than the Aug. 1 crop conditions indicated.

The following table provides an estimate of how this sized crop would fit into the total protein feed picture:

	Thousand tons	
	1953-54	1954-55
Vegetable Proteins		
Soybean meal	4,850	5,500
Cottonseed meal	2,900	2,250
Linseed meal	575	600
Peanut meal	60	35
Copra	115	115
Total Vegetable	8,500	8,500
Animal Protein	2,900	3,000
Total	11,400	11,500

How about the feed demand side?

We have a 13 percent larger spring pig crop that now is going to market. But all of this boost was in early-farrowed litters. I am looking for the main increase in marketings over last year to come in September and October. Late fall hog sales may not be much different from a year ago. We have a 10 percent larger fall crop now being grown on the farms of the nation. This means an increased demand for proteins for these hogs this fall. Hog sales during the winter will run ahead of last year.

I anticipate a moderate increase in next spring's pig crop—probably not over 5 percent. Feed grain prices will average higher than last year—hog prices will be lower this fall. The result should slow up the boost in hog production from the rate of this past year.

Dairy cow numbers show signs of stabilizing during the next 12 months. Egg prices this fall and early winter are not likely to encourage any expansion of buying baby chicks for laying flock replacements next spring. In fact, baby chick purchases may be cut back a bit. With broilers and turkeys less profitable we should see a slow-up here too—perhaps a few to no more broilers and fewer turkeys in 1955.

Livestock prices will average lower in the year beginning Oct. 1, 1954, than in the previous 12 months. This is not conducive to increased demand for feed.

Protein Won't Be Cheap

Yet, such an overall picture doesn't indicate cheap protein feed. But it does point toward more evening out of prices between cottonseed meal and soybean meal. At times, cottonseed meal sold for pronounced discounts under soybean meal the past 12 months.

You can take this price prediction with a grain of salt but I would think that this picture would mean Decatur bulk prices of somewhere in the neighborhood of $65 to $75—or around $90 to $100 per ton to the farmer for sack feed. I think it also means more stability in soybean meal prices during the next 12 months in contrast to the sharp price changes of the year we are about to end. Meal won't be as cheap at harvest—nor as high in the spring as in the past year.

Now let's turn to the oil side. We've had a good oil trade in the year we are now ending. We can expect more lard during the coming year—but less cottonseed oil. The cottonseed oil picture is wrapped up in what the government does in the way of support pricing. The cottonseed oil people that I have talked with seem to think that the support price favors consumption of soybean oil as compared with cottonseed oil.

The world situation favors continued good exports. I don't think that 11½-to-12½-cent oil is out of reason to expect for the coming year. Some people think oil may reach 13 cents by the last half of 1955—due to a tightening world supply picture.

Turning to exports, I think that you can make a good case for as large exports as we had this year—to 20 million more. In other words, 40 to 60 million bushels. World supplies of fats and oils are not likely to be any larger—and possibly less—than in 1954. Europe has been liquidating its stocks. We could see a rise of world prices in fats and oils sometime in 1955.

A sizable slice of our exports go to Japan. There are rumors that Japan may deal with Manchuria through China. On the other hand, you can make a case for Manchurian supplies staying behind the Iron Curtain if that area has a surplus, going to Russia. We could have exported more beans this year if they had been available. It seems to me that there will be a 40 million bushel export for the coming year and you could rationalize more. We must have a strong export picture—what with the large exports of the current year in the face of a short crop.

Thus, an increase in the soybean crop over the Aug. 1 crop estimate could easily wind up in larger exports with not too much change in the domestic meal and oil situation.

Where do we wind up price-wise?

In terms of the Iowa-farm price, this gives us a range of $2.65 to $2.95 beans. The point is this: Soybeans are not going to be cheap this fall. Price will be less at harvest, of course. How much less depends upon the size of harvest. The larger the crop over 304 million bushels, the more prices will be depressed at combining time.

However, the high price of beans this summer will hold up the early harvest price. We also may have strong bidding by processors, feed manufacturers and speculators this fall—remembering the experience of last year, when it paid to be an early buyer. On the other hand, farmers remember the handsome profits of a dollar to a dollar-and-a-half that the man who stored beans made last year. More beans are likely to be stored on the farms this year, particularly if beans are near loan level at combining time.

In other words, we could have the reverse of what happened last year when bean prices rose into late spring. We could see our rise come early — that's what happened two years ago, you know. Beans were as high in late fall as anytime during the winter and spring — then worked lower starting in late spring.

Looking a year ahead, I think that we can expect as large a bean acreage next year as this. With the winter prices for beans that I anticipate, I wouldn't expect any government program to reduce bean acreage. Given normal yields, this would mean a larger crop than we will harvest this year. So with normal weather, and assuming no worsening of the international situation, I have a hard time seeing conditions which would strengthen the price of beans next summer. Yes, we could have a repeat of what happened two years ago.

So here's about what we end up with: 1954 beans are not going to be cheap. The trend of prices over the next 12 months will depend on how growers, processors and feed manufacturers make their buying and selling decisions this fall.

If bean prices are depressed at harvest, storing will pay the grower. On the other hand, his profits from storage won't match the handsome returns of holding beans last fall. And the market may be bid up in late fall or early winter to the point where it won't pay to hold the beans any longer.

Producing Soybeans by Irrigation

BY R. B. OLIVER
Stuttgart, Ark.

Jake Hartz, Jr. (left), and Oliver in a field of Oliver's irrigated soybeans.

I OWN and operate 420 acres of land seven miles east of Stuttgart. I follow a three-year rotation plan of rice, soybeans, oats and kobe lespedeza.

To prepare the land for soybeans, I use a heavy disk and work the rice stubble twice in the fall, and let it lay through the winter. In early spring I disk this land twice and use a field cultivator and go over it with this two or three times. Then I use a float to level the land. I usually plant rice in the early part of April and then I start reworking the ground to be planted in soybeans. I try to start seeding them around the 15th of May.

For the past six years I have grown the Ogden variety of soybeans. I usually plant about one bushel per acre and put down around 125 pounds of 0-24-24 fertilizer. In 1949, I bought a four-row planter with a fertilizer attachment and I plant my beans in 36-inch rows. When we had a normal amount of rainfall in 1949-1950, I could see what yields were possible with fertilizer and plenty of water.

When the soybeans are about two inches tall, I pull a rotary hoe over them, and follow it with a cultivator. When we have a normal amount of rainfall, your cultivating is limited to two or three times before they get too big. But in a dry year, they may have to be cultivated seven or eight times or about once a week before they get too large. When they reach the stage of needing irrigation, I stop cultivation and do the necessary survey work. We run our levees or contours on five-tenths of a foot.

I make the levees with a levee disk and pull them as high as possible. Then I start the water in at the high point of the field. When the first levee is full and the ground is wet, I cut that levee in four or five places across the field so that the water will spread evenly across the next levee. So many cuts are necessary to keep the water from filling one end of the next levee and possibly breaking it before the whole area is wet.

In 1951, I only had to irrigate twice. In 1952 and 1953, I had to irrigate three times. This year I have irrigated four times.

In 1951, I decided to put down a deep well so I could water all my crops. This well is 800 feet deep and cost $22,500 and throws 2,200 gallons of water per minute. It is operated with a 100-horsepower motor. I also have a shallow well that pumps 750 gallons per minute which is powered by a 45-horsepower Moline power unit.

To prevent waste, I have also bought a relist so that when the water reaches the bottom of the bean field, it can be pumped back into a rice field or wherever necessary.

SOYBEAN YIELD INFORMATION

Year	Arkansas Co.	State	R. B. Oliver
1949	25.9 Bu.	21 Bu.	27 Bu.
1950	21.4 Bu.	21.5 Bu.	36½ Bu.
1951	19.5 Bu.	20 Bu.	31½ Bu.
1952	18.6 Bu.	16 Bu.	35 Bu.
1953	12.4 Bu.	11 Bu.	39.15 Bu.

The 1954 estimated state average as of Aug. 1 is 11 bushels.

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U.S. Soybeans as Viewed by European Buyers

BY GEO. M. STRAYER

Secretary, American Soybean Association

I WILL try to relate to you some of the things we learned on the Agricultural Trade Mission dispatched by President Eisenhower and Secretary of Agriculture Benson last April. It was my good fortune to be a member of the Northern European Mission, and to visit the 10 northern countries of Europe. We spent eight weeks on this assignment, six and one-half weeks in the European countries.

We were instructed to survey the markets, appraise the potentials, analyze the things preventing expanded sales of our products, and investigate the possibilities of greater imports of their goods so they might have dollars available with which to buy. Let me assure you that we had a busy six and one-half weeks!

Coupled with the things I learned on this Trade Mission I would also like to include some of the things I learned in these same countries during visits in 1949 and 1952. It has been my good fortune to watch trends develop, and through large volumes of correspondence to keep in touch with many of them during the years since the war.

First of all I want to stress, as I have many times outlined on the editorial pages of the Soybean Digest that I well recognize the domestic market, to our American processors, as being far more important to us as soybean producers than is the export market. During the past year we have exported only about 40 million bushels of our soybean crop, out of production of 262 million, and the 1953 crop exports are the largest in our history. We will continue to consume far greater quantities of our soybeans here at home—and we must recognize that.

At the same time we must also recognize that the soybean processing facilities of our nation are largely concentrated in the Midwest area—the Cornbelt states—and that a vast new soybean production area has been opened up here in the Midsouth which lies close to ocean ports, and which does not have a favorable domestic market for its production. This Midsouth area, along with the East Coast areas in Virginia and the Carolinas, has easy access to the export markets because of location. The Midsouth has river transportation available to hold its freight rates to a minimum. The area of expansion in soybeans is now coming in these areas—not in the older production areas, except as corn acreage reduction may increase acreage.

A very small portion of any crop, when in surplus, can greatly affect price. A surplus of 10 percent may sometimes reduce the per unit price far more than 10 percent. An alternative market for any commodity is an extremely healthy thing. Some year we are going to reach the point where our domestic economy will not utilize to advantage all the soybeans which we grow in the United States.

Value of Exports

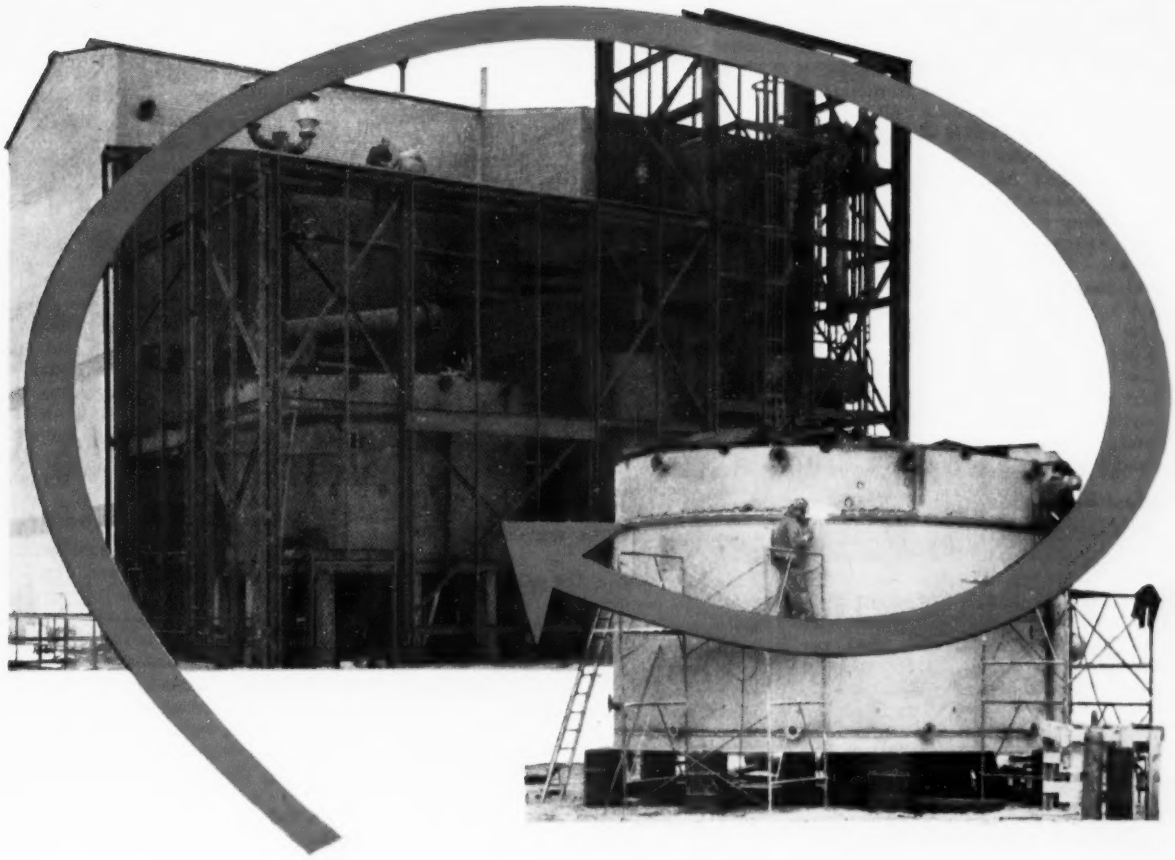
I am sure there is no man present who would contend that soybean exports during the postwar years have not meant millions and millions of additional dollars to the producers of the soybean crop—above the returns which would have been available had there been no export market. Just compare the prices paid for soybeans in this Delta area today with those paid before the export market came into the picture. The previous spread of 25 to 50 cents per bushel under Chicago has now disappeared. In fact, prices paid in the Delta area are now at times higher than farther north.

I believe there is also no man here today who would not readily admit that we are producing more soybeans today, and have a healthier industry today, than would have been possible without the export market.

Today we have a healthy, growing, thriving soybean industry. We have a product which people want. We have a crop easily produced with a minimum of hand labor, which lends itself to mechanization, which has no waste products, which is storable, easily handled and transported. Each day we learn more about the utilization of soybean oil, and each day soybean oil meal becomes more valuable as a source of highly nutritive protein for man and beast. I challenge any man to show me where the export markets we have enjoyed, small though they may have been, have not contributed to the healthiness of our industry.

Europe is a food-deficient area of the world. Many countries of Europe have increased their food production, thanks to Point 4 programs and technical assistance from the United States. More and more of the northern European countries are becoming self-sufficient, or nearly so, in wheat and coarse grains. But their location—the very thing which is conducive to high yields of good quality cereal grains—makes it impossible for them to produce vegetable oils and proteins in quantity at anything resembling a reasonable cost. In my estimation the northern European countries can never expect to produce, in the foreseeable future, either vegetable oil or vegetable protein to compete with other parts of the world. It just is not in the cards.

There is a potential market in the European countries for vast quantities of oilseeds. I doubt if it is possible to estimate that potential accurately. It will suffice to say that prewar Germany crushed as high as 100 million bushels of soybeans alone, in addition to all the copra, peanuts, palm kernels, palm nuts and other raw materials utilized. When I returned from Europe in 1949 I was convinced there was a potential market in the European countries for as much as 100 million bushels of



BLAW-KNOX puts the skids under a hazardous project to increase Honeymead's capacity

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Blaw-Knox fabricated the 500 ton per day Rotocel, 24 feet in diameter, and distillation equipment four stories in height at a safe distance. As each unit was completed, it was lowered onto cribbing and skidded carefully into place.

Eight months from the start of this project, tie-in of the new facilities with the existing meal-preparation equipment was completed. Integration of these facilities, start-up, test runs and adjustments were completed in two weeks—procedures normally requiring a month. This rapid conversion saved the firm many thousands of dollars.

The solution to Honeymead's problem was the unified design, engineering and construction of equipment, and, more important, a method of operation which enabled the company to maintain the income from its existing plant almost entirely throughout the period of construction.

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American soybeans if we could be competitive in price and supply the quality desired. I have not changed my opinion. There is a tremendous market—which someone will supply.

The European mills want raw materials upon which to operate. They do not want American soybean oil or cottonseed oil. Up to a certain point they want the materials which will keep their plants busy, their people employed, their livestock fed, and their shipping busy. Soybeans are among the most attractive of all raw products available to them. Wherever I went on this Trade Mission governmental officials and private buyers were interested in soybean supplies. It was one commodity every country wanted—and needed.

Must Be Competitive

To sell in world markets we must be, of course, competitive in price. Aiming toward that goal, your Association requested a reduction in the 1954 crop soybean support price to 80 percent of parity—$2.22 per bushel to the farmer. That request was granted. Unquestionably the support price is not now limiting our market on soybeans. While soybeans are selling well above support levels, it is the value of the end products and the competition between processing companies and between processors and exporters which is establishing price today. Competition—not government—is establishing our market values. We can safely say that the support price on soybeans in 1954 is not going to determine our markets. So long as soybeans are selling here at prices which are competitive with other vegetable oil and protein sources of the world we can sell our soybeans in European markets. When our prices get too high we lose our market. When they get to low levels we increase our market out of proportion. European buyers are happy with our present support price structure, are willing to compete on our markets for their supplies.

They are not so happy about some other things. Some of them are things we can correct. I would like to tell you about them.

But before doing so let me remind you that all through the period from the close of the war in Europe until the present time we have had a sellers' market in the European countries. Millions of people were hungry. The production of food had been disrupted, manpower had been diverted, fertilizer supplies halted, farm machinery production discontinued, markets lost, sources of supply of food products had changed hands. The normal channels of trade between nations—and even within nations—had been disrupted. People were hungry, and unemployed, and without funds with which to buy food. Yet they had to eat, and the war-stimulated food production of the United States was their major source of supply.

But the day of the sellers' market seems to be over. Buyers in European countries are becoming more selective. Instead of buying whatever is available they are again buying the things which they want, and which are available at favorable prices.

Since 1949 I have repeatedly told you that European buyers were not happy with our soybeans, in general, because they were high in foreign material. For decades they had imported soybeans from Manchuria. The Manchurian soybeans were harvested and handled by hand. The percentage of extraneous materials was relatively low. The percentage of split beans was likewise low. Our beans produced with machinery, contained more foreign material than the European mills were accustomed to handling. They were not equipped to remove it. They objected, and strenuously, to receiving grading certificates on export shipments which did not according to their calculations, correctly represent the shipment. They objected to paying for U. S. No. 2 yellow and receiving shipments which ran 4, 5, 6 and even higher percentages of foreign material, according to their analysis, on arrival for unloading. You would have objected too!

I became convinced that some of those complaints were justified when Jack Cartter and I were sent over in 1949, and then in 1952 I became more convinced of it. There were things going on which should never have been allowed.

Twice in recent years the American Soybean Association has asked for public hearings on proposals to lower the allowable foreign material in U. S. soybeans. Those hearings have been held. On both occasions the proposals were turned down because of opposition from those who were profiting from the lax grades and the opportunity to sell screenings, corn and other things at soybean prices.

In 1952, following the appearances of J. C. A. Faure of England and Mr. Hirano of Japan on our convention program at Lafayette, Ind., some of the buyers of U. S. soybeans began making their purchases on the basis of federal appeal on grade. Strangely, on that date the soybeans reaching the world markets took on a different appearance. Figures shown to me by European buyers during this last April and May indicate that since federal appeal came into the picture the general average of the cargoes of soybeans leaving this country has been considerably lower in foreign material on arrival at destination. In one case the foreign material content had been reduced by nearly one-half, when averaged over a number of cargoes. There still are problems. Occasional cargoes still show wide discrepancies. But the buyers are much more happy than previously—for the certificates now are more dependable.

But buyers are still objecting to paying for 3 percent foreign material. And our own domestic processors last November started buying on the basis of U. S. No. 1 soybeans in order to get away from the high foreign

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If feeders have been buying your brand of feed because they think you use the best ingredients . . . if you believe that your reputation for quality feeds helps you get new customers and hold old ones—then here is something to think about: There is no finer source of high efficiency protein than Hi-Pro-Con, Staley's 50% special heat-treated soybean oil meal. *And we can prove it.* Just ask us to.

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☐ YES ☐ NO

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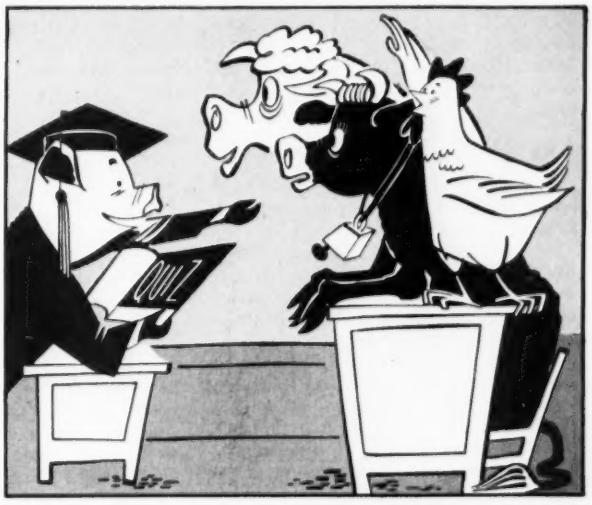
*T. M. for 50% soybean oil meal of A. E. Staley Mfg. Co.



4 Is It Economical For You To Pay Soybean Oil Meal Prices For Fiber?

☐ YES ☐ NO

We won't argue. There can be sound economic reasons to buy fiber that high. On the other hand, if you have a plentiful supply of inexpensive fiberous feed, think about this: De-hulled Hi-Pro-Con has 3% fiber or less. Ordinary vegetable protein sources have up to 16% fiber. This fiber is part of the price. You pay as much for it as you do for the proteins. But if you just want fiber, you can buy it . . . cheap.

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HITS THE MARK

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material percentages on soybeans reaching them. Soybeans reaching the European markets from competitive sources, chiefly Manchuria, have over a period of years averaged about ½ percent foreign material. We must clean up our U. S. soybeans so they will be competitive in quality—and that means in lowered foreign material content. We must stop shipping pods, sticks, stems, weed seeds, corn, screenings and other extraneous material in our soybeans. We must restore further confidence in U. S. grading certificates.

We must place on the markets of the world the very best quality soybeans which it is possible for us to produce—not the soybeans containing the very largest amount of foreign material we can get by with and still qualify under the grade stipulated in our contracts. Other countries are selling on a quality basis. We are going to have to do so, or we will be sitting out in the cold.

Like Our Beans Otherwise

Except for this deplorable foreign material content our American soybeans are liked by European buyers. The high oil content, the uniformity, the things placed in our beans by the plant breeders are recognized as being highly desirable, and if they could obtain clean soybeans and dependable certificates the European buyers would, in most cases, be perfectly willing to pay a premium for them. We can well use that premuim, and we should be doing whatever is necessary to assure it on a year-after-year basis.

I should point out here that one of the complicating factors in our foreign material determinations is this matter of broken soybeans. Anything which passes through the 8/64 inch round hole screen is considered to be foreign material. In those seasons when soybeans are dry, as they were in 1953, when moisture was sometimes running at low as 9 percent and 10 percent, the combine cracks and breaks some of the beans. Every time they are handled through an elevator or in and out of a car or barge or steamer more of the beans are broken. The small particles pass through the screen making a grade determination, and the foreign material content is increased. But those particles of soybeans are in reality not foreign material. They produce soybean oil and meal just as do the whole beans. They are not extraneous. They are not added, they are, for all practical purposes, just as valuable as the whole beans.

We must devise some means of making practical separations of these particles of soybeans so they do not show as foreign material in making grade determinations. We should not continue to classify as foreign material broken pieces of soybeans which actually indicate lower moisture percentage and thus greater value in that lot of soybeans.

There has been much agitation by European buyers for the sale of American soybeans on the basis of a contract which would establish value upon arrival of a cargo, rather than at time of shipment. This system, using the contracts promulgated by the International Oilseed Association, has been used in the purchase of most oilseeds and oil-bearing materials for a period of years. It is only natural that the European buyers would like to make their purchases of our soybeans on that basis. That is especially true when the foreign material content of the soybeans received from this country has run consistently high, and when the certificates issued here on those cargoes have not, in their estimation, been truly representative of the cargoes shipped. Mr. Faure suggested this basis of buying when he appeared on our program two years ago, and it has been suggested at various other times and places.

After visiting with buyers in the European countries I can sympathize with their desire to buy on an IOSA contract. with delivered weights and/or grades. It would merely be a continuation of the basis of buying used over a period of years.

Yet I also recognize that there are inherent dangers in such a system of buying, so far as the American shipper is concerned. Once a cargo is delivered to a foreign port the shipper is at the mercy of the buyer. The cargo is out of position, cannot profitably be returned to our shores, and conceivably the shipper might take an unjustified loss. Certainly I am not going to recommend to any American shipper today that he plunge headlong into the selling of American soybeans on the basis of an IOSA contract.

At the same time I would like to see a number of shipments made where the returns to the shipper under the IOSA contract would be calculated, so that an exact basis of comparison might be established. Then we would know much more accurately how the two systems compare. There may be sufficient premium available under an IOSA contract to offset the increased liability.

Until we know how the two systems of selling compare certainly we are not in a position to intelligently compare them. Let us not be guilty of condemning something which merits consideration. And at the same time let us proceed cautiously until we know whether or not there is something better than our own system of federal grades for export selling.

Price supports on soybeans in the United States are now on a basis where they allow us to be competi tive with soybeans and other oilseeds from other places around the world. There have been times during the past year when, as a result of the short crop in 1953, our soybeans have been too high priced for world markets. They were of more value to us here at home than they were to our foreign customers. Price eliminated us from the markets of the world. That is as it should be. Whenever our soybeans are more valuable to us than to someone else we should utilize them here at home.

If we actually believe that we want to be exporters of agricultural commodities—if we actually believe that a world which has a free flow of trade between nations is a world which has fewer wars and greater prosperity—if we actually believe in the free-enterprise system—if we actually believe that we can produce soybeans efficiently here in our United States of America—then we must also believe that the banning or limiting of exports by government decree on a commodity being produced in quantities of over 300 million bushels is not the logical method of procedure.

Frankly, I am greatly concerned by rumors being published with Washington origins that our soybean processing industry is requesting bans or limits on soybean exports. You heard Rhea Blake's presentation yesterday. You know about the interdependence of our fats and oils, both vegetable and animal. You know we have tremendous surpluses of them at the present time. In my estimation we must have free exportation of soybeans from 1954 crop or we are going to find ourselves still further involved in costly price-support activities.

Placing of restrictions on our soybean exports will immediately lower our market potential, drive our buyers to other sources, and seriously injure our industry. Let's forget this idea of trying to control our domestic and the world economies by decree, and allow the law of supply and demand to operate again. If our soybeans are worth more to the

There is an export market for 100 million bushels of U. S. soybeans per year—if we are willing to make the necessary adjustments.

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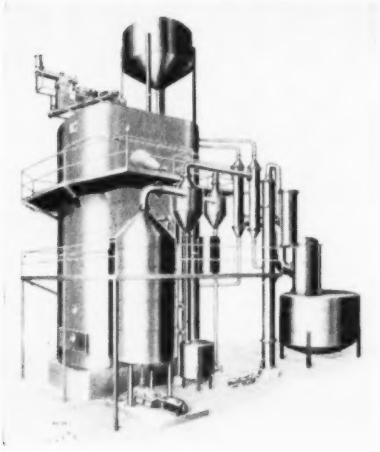

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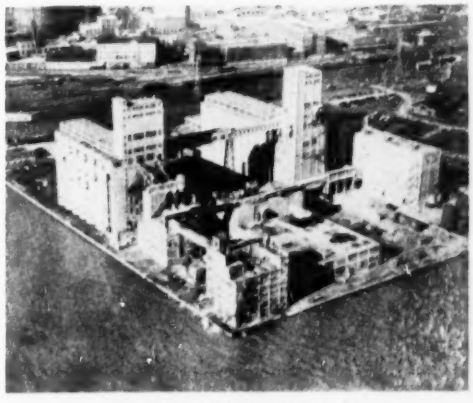

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European buyers than to you domestic processors, then there is something wrong. European buyers want to buy as and when they please, and they want to know that a continuing supply will be available if they are willing to pay the price. Governmental controls of soybean exports would be a sad mistake. Let's not allow ourselves to be caught in that trap.

European markets want our soybeans both from the standpoint of the basic quality of the product, and from the price standpoint, or they will not buy from us. We have something they want—and something for which they are willing to pay a reasonable price which will show a profit to the producer and the handler.

But there are other people in the world who have oilseeds to offer. Manchuria once supplied the greater portion of the world's soybeans, and at some future date may try to do so again. It might come in 1954! The competitors for our markets compete not only on basic quality and price, but they supply a clean commodity to their customers. Now that the holiday is ended we must recognize that the world appreciates a clean, high quality product, will pay some premium for it, and that we are going to have to be competitive on the cleanliness of our product as well as on general quality and price.

To summarize, I believe there are certain steps we must take in our soybean industry if we are going to continue to hold and further expand our export markets for American soybeans. Some of these same steps will also benefit the processor of soybeans in this country, for they will insure delivery to him of a better quality product than is now the case.

Step number one in my book is revision of our federal grades on soybeans to lower the foreign material content allowed in each grade. In my estimation this association should unequivocably go on record as asking for public hearings on a proposal to lower the foreign material content by 1 percent in each grade, and we should support in every way possible the proposal when the public hearings are held. We must use all possible influence to see that handlers of our commodity who have opposed this proposal in past hearings are fully acquainted with the fact that they are ruining our markets for soybeans, over a period of years, by their short-sighted policies.

We must do the educational work necessary to secure proper support for our proposals when hearings are held. We must be sure that growers, handlers, processors and exporters all support our proposal, so there will be no question in the minds of the men who must make the decision that the change is warranted. We should, in my estimation, prepare our timetable so that the changes can become effective with the start of the 1955 crop movement.

Once the grades are changed so that it becomes necessary to remove more of the foreign material from our soybean crop, we must insist that the grain grading branch of the Department of Agriculture has sufficient funds and personnel to do a much more extensive and thorough job of supervising the grading and issuance of federal certificates on export cargoes. I recognize that an extensive study has recently been conducted on the methods of obtaining representative samples on grains, and it is my recommendation that the study be continued, and that new sampling methods being tested be adopted just as soon as they have proved themselves more reliable than the previous methods.

And we must insist that never again will we allow grading certificates to be issued by grading agencies in this country which are unreliable and which place us at such a great disadvantage in the markets of the world. When the purchasing agencies in several European countries tell you that U. S. grain grading certificates are totally unreliable and have been so since the end of the war, it is time for us to take a close look at what we have. Closer federal supervision of local grading agencies is a *MUST* in my book.

Coupled with these tighter grades and closer grading must come a recognition of the change, and a willingness on the part of growers and local handlers to clean up the crop. We must make it profitable for these recleaners to go back on the combines, for new combines to be sold with recleaners, and for better operation of the combines. We must get away from the *steadily increasing* percentage of foreign material coming to market in our soybeans. Our farmers are not getting worse—they are now only profiting by the lax grades. They can clean up the crop if they need to do so. They will do so if they are paid a premium for clean soybeans.

Elevator Must Clean

And in those cases where it is impossible or impractical to operate the combine for closer cleaning, either the producer or the local country elevator operator must be prepared to reclean that portion of the soybean crop that is harvested with high foreign material. Soybeans carrying any appreciable amount of weed seeds, screenings, and other refuse should never leave the country point in that condition. Why pay freight on junk? We must insist that it be removed before the crop is marketed to processor or to exporter, rather than raising costs by shipping it around then removing it. This means installation of adequate cleaning equipment in country elevators and by local bean buyers, as well as in terminal and export elevators. It is *a must* to proper soybean marketing.

When we have the clean-up job done we must then do some of the promotional and educational work which will be necessary to keep our markets growing. We must do an active selling job. That selling job

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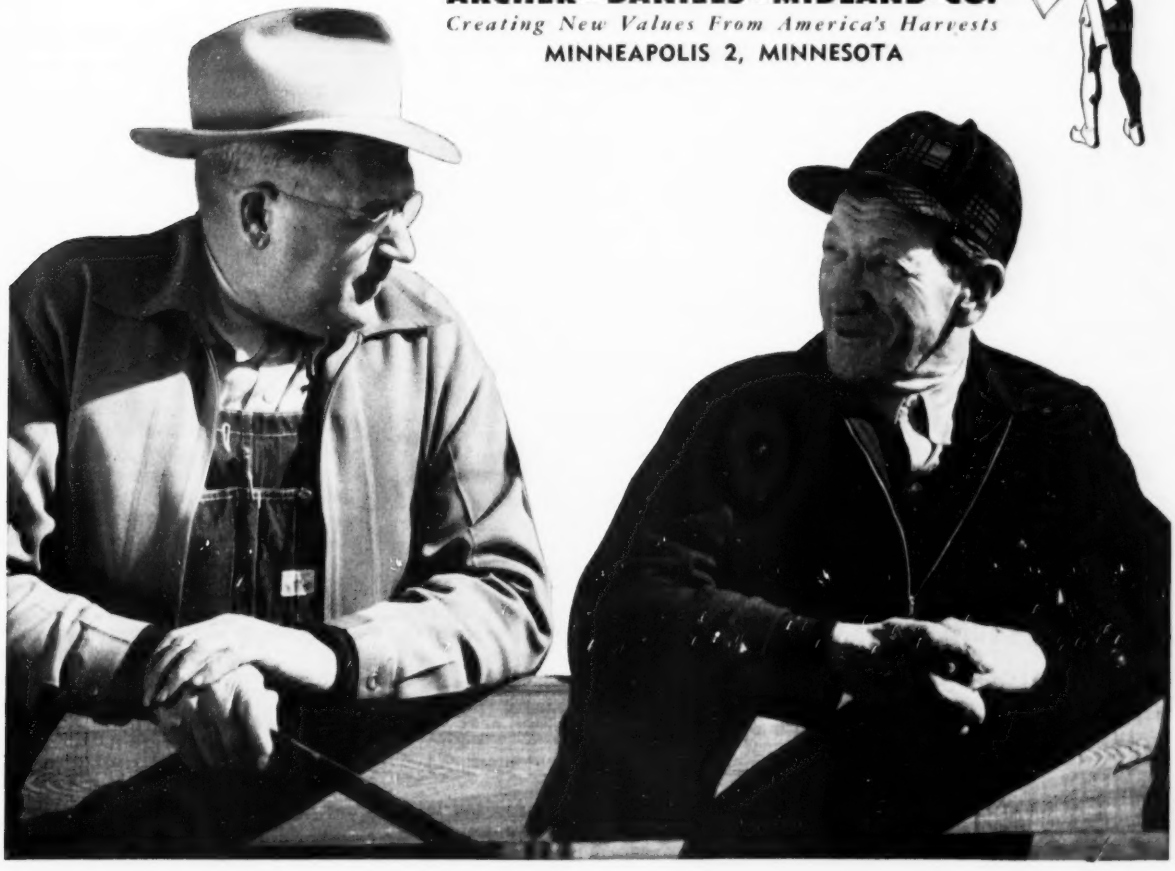

must logically be done by the trade organizations representing the soybean industry. We must get out and actively sell the soybeans, the soybean oil and the soybean meal which the markets of the world will absorb.

Recent changes in the U. S. Department of Agriculture, provided in the bill passed in mid-August, make a step in that direction. Our agricultural attaches stationed in other countries of the world are going to become much more active salesmen for American farm products than has ever before been the case. But they can go only so far—then our industry itself must take over. We must get our affairs so arranged that we will be ready to do this educational and selling work. And then we must follow it up with the servicing which is always necessary in the continued sales of any product. The actual sales will of necessity continue to be made by private firms —as they should be. But some agency must be ready to sell *soybeans and soybean products in general.* The time is not far off when the selling will be a major necessity if we are to prevent chaotic prices, government purchases of soybeans under price supports, and the reduced acreage which will be a consequence.

There is an export market for at least 100 million bushels of American soybeans per year. A major portion of it can be ours if we are willing to do the things necessary to supplying the demands of that market. The European buyer prefers our products and our methods of doing business. He asks only fair treatment, a good product, and a reasonable price. His demands are entirely reasonable. Let's supply them!

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Soybeans' Role in the Agricultural Revolution

BY W. E. HUGE

Vice President, Central Soya Co., Inc., Fort Wayne, Indiana

LATE IN THE 19th century there began in this nation a development which was ultimately termed the "industrial revolution." This industrial revolution basically involved a system whereby machines did man's work for him on a mass production basis.

I believe historians someday will observe that in the late 1930's there began in this nation an agricultural revolution.

The phase of the agricultural revolution, to which I refer, involves essentially the production of those consumer food products typical of our high standard of living.

Soybeans Essential

Soybeans have occupied an essential role in this agricultural revolution. While soybeans are usually classed as an oilseed, a more proper classification would be that of a protein seed. For every pound of oil resulting from the processing of soybeans there is produced four and one-half pounds of protein meal.

Soybeans in this agricultural revolution have performed somewhat the same function as iron ore in the industrial revolution. Iron ore would be relatively useless in its primary state in today's high speed engines and complex machinery of this nation's industry. Soybeans, too, would be equally unimportant and ineffective in the complex, high efficiency rations of today's high speed, food production machine.

Agriculture's soybean processing plants produced protein, the foundation of all body development, and thereby supplemented the job being done by other sources of protein. In fact, although soybean meal production did not exceed 115,000 tons prior to 1934, it has increased to 5,500,000 tons in recent years; the value of the other sources of protein in the market place has tripled or quadrupled.

It is estimated that if the present livestock population were fed adequate levels of protein, there would be required 6 million more tons of protein meal annually than have ever been produced. If supplied entirely by soybeans, that would require an additional supply for processing of approximately 260 million bushels. In other words—we have never produced half of the potential soybean meal requirements.

And this figure does not take into account our increasing needs brought about by our rising standard of living and steadily increasing population.

By means of this supply of building material, soybean meal, it has been possible to put into practice the results of the constant research at agricultural experiment stations and the research on the part of commercial firms.

The many benefits of the industrial revolution are obvious to all. The agricultural revolution, however, is so new that many are probably unaware of it, even though they benefit daily from its progress.

Twenty years ago, poultry meat was supplied largely by small individual farm flocks. At that time, a feed conversion rate of 4 to 1, that is four pounds of feed to produce one pound of broiler, was a satisfactory record.

Today, conversions of 2¾ to 1 are becoming common in the commercial broiler producing areas. In other words, poultry meat is being produced with 30 percent less feed than was the case 20 years ago, and a finished broiler, ready for market, is being produced in substantially less time than was then required.

Furthermore, the job of the small individual flock has been vastly supplemented by mass-production commercial broiler operations. In the first seven months of this year, the 13 principal commercial broiler areas averaged a production in excess of 60 million broilers monthly. Here is an industry, growing rapidly, that did not exist 20 years ago.

Adoption of these mass-production methods are reflected in supplies of

dressed poultry sold at retail at prices which often make it the most economical source of meat, making a staple part of daily diet of what was once classed as a luxury.

The Department of Agriculture reports that in the 1935-39 period, egg production per layer averaged 130.32. This record has increased each year and last year reached 183.04—a 40 percent increase during this period of the agricultural revolution.

You can well imagine what the price of eggs might have been this last year if the production rate of the late 30's still prevailed. Or, put another way, there would have been required a laying flock 40 percent larger to accomplish the same production. Or put still another way, there might have been fewer people eating fewer eggs.

Last year at the University of Minnesota three sets of pigs, litter mates, weighing 51 pounds each at weaning time were put on test. Some were fed a ration commonly recommended in 1910, 97 percent corn and 3 percent mixture. Some were fed a ration commonly recommended in 1930, 88 percent corn, 11.5 percent tankage, and .5 percent mineralized salt. Some were fed a ration recommended in 1953, 80 percent corn and 20 percent protein supplement. The test ran a little over three months and ended with the 1910 fed pigs weighing 118 pounds; the 1930 fed pigs weighing 161 pounds; and the 1953 fed pigs weighing 240 pounds.

Up to 125 pounds, the 1910 fed animals required 5.23 pounds of feed per pound of gain; the 1930 fed animals required 3.64 pounds of feed per pound of gain; and the 1953 fed animals required 2.97 pounds of feed per pound of gain. Here again, in the period of approximately 20 years, rations have improved to such an extent as to increase the rate of gain by 50 percent and improve feed efficiency by more than 20 percent.

While some people for good reason cringe when milk production is mentioned, we must actually consider ourselves very fortunate in being in the unique position in world history of concerning ourselves with disposition of an oversupply of milk. Someone has estimated that if each person in the United States drank three more glasses of milk weekly, we would have a shortage instead of a surplus. So with the exercise of some salesmanship, its disposition may not be such an insurmountable problem.

The cow, of course, does not realize that we humans have not supplied a market for all of her production, and she too has been improving her efficiency with the steadily improved rations being fed to her.

A sound processing industry can only be built on an adequate supply of soybeans.

Milk production per cow in the 1935-39 period averaged 4,403 pounds, and with the exception of a brief decline in these records during the war years, production has steadily increased, and in 1953 averaged 5,447 pounds.

We must acknowledge that a part of this improvement in efficiency, in each of these classes of livestock, is the result of improved breeds, and improved management practices; but the major portion of this remarkable record must be credited to the improved rations which have been so essential in this agricultural revolution.

This may be an opportune time to review the functions and prospects of our part of this food producing machine. It is inevitable that an industry growing so rapidly would suffer some growing pains. There are, however, several requirements

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that cannot long be compromised if we are to properly perform our function. Above all—we must have an adequate supply of raw material.

Can you imagine what kind of an industrial machine we would have today if the steel mills ran out of their raw material, iron ore, for a month or more each season?

Yet—we have seen that same condition take place year after year in our industry which today supplies more than 40 percent of all the supplemental protein used in the country, and has been the basic ingredient in bringing about efficient and economical production of food.

The growing markets for our products have been periodically crippled by high price and scarcity, as on almost alternate years we go through the same procedure of scraping the bottom of the bean barrel. Then the following year, we must again buy back our markets with depressed prices.

We are just concluding such a year of high price and scarcity, and we may well give thoughtful consideration to methods by which we might regain markets for the products of a 20-to-25-million-bushel monthly crush after a year of rationing our customers to a 17-million-bushel monthly crush. We have driven our customers to substitutes—forced them to find ways of doing without our product. We are not building a sound industry that way.

Forgetting the economics of the situation, soybean products have become so vital to our food producing machine, that national interest dictates that an adequate supply of soybeans be available. Thoughtful men are concerned when known iron ore reserves or known petroleum reserves decline to a 15-year requirement.

While the annual crop of soybeans permits us to operate with a much smaller reserve in sight, it surely must be obvious to all that we are inviting disaster to today's complex food producing machine when we so frequently exhaust all reserves.

If we are to continue with the progress of this industry, there must be constant research in the development of broadened markets for the products of the industry.

Intense Competition

We can only point to the record, and from the processor's standpoint assure the producers that the intense competition prevailing within the processing industry will leave no stones unturned in the improvement of products and the broadening of markets for these products.

In this connection we might observe that within the past 15 years, more than 90 percent of the industry have replaced their Expeller plants with solvent plants. This might be considered a vote of confidence on the part of investors in this agricultural industry.

If we are to continue improving product quality and usefulness, we must have a raw material of the highest possible quality. This requirement should not be difficult for anyone to appreciate, and is a principle applicable to any field of endeavor.

In spite of the growing pains and related problems we can look with some pride upon our part in this agricultural revolution and recognize how fortunate we are to have the privilege of being a part of it. We must never forget that such things would not be possible were it not for the system of competitive enterprise prevailing in this nation.

There are at this meeting soybean growers, government officials, grain elevator operators, grain merchandisers, soybean processors, feed manufacturers, and, of course, all of us are consumers of food. These people are representatives of each segment of agriculture, supporting this food producing machine, and hold in their hands the destiny of this agricultural revolution.

What will we do with the opportunity facing us? Will it be a stumbling block or a stepping stone?

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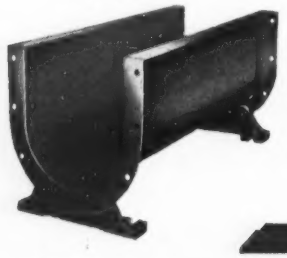
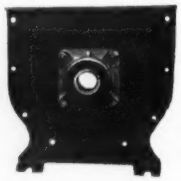


STEEL TROUGH has bolted flanges and detachable feet for ease of alignment dur- in installation.



"DB" (detachable bearing) Box-end are steel plate type which are unbreakable and have interchangeable babbitt or ball bearings.

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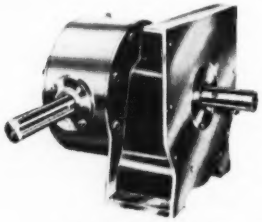

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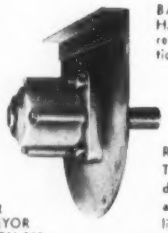

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Interdependence of the Cotton and Soybean Industries

BY WM. RHEA BLAKE
Executive Vice President, National Cotton Council of America

THE AMERICAN Soybean Association and the National Cotton Council recognized their interdependence and mutual interests many years ago when we joined hands in the great fight to remove the federal and state discriminations against margarine. We won that fight—and we opened up one of the biggest markets we now have for our two vegetable oils.

We also learned something. We learned how effective we can be when our two industries team up for an all-out drive on a common objective. We must never forget that!

To be sure, we are competitors. Our products—both oil and meal—are highly interchangeable in the great markets which they serve. But the very fact that we are competitors means that we have a vital *common* interest—and that interest is in protecting and expanding our *common* markets. We set the right standard for both our industries when we put our shoulders together and opened up the market for margarine. The problems facing us at this time call desperately for our two industries to maintain that same standards of cooperation—working shoulder to shoulder in defending and building markets.

But the big fact now confronting us all is that our strong bond of friendship and cooperation is being threatened. This is a matter of the utmost importance to your industry and to mine, and it is the subject that I must discuss today.

The government's price support program on soybeans and cottonseed has greatly distorted the normal competitive positions and market relationships of these two commodities. And that situation, I regret to say, has led to misunderstanding and discord between our two industries, which are damaging to the best interests of us all.

Before much can be done toward correcting this situation, it first must be understood—and I have learned from my own work on the subject that a proper understanding of it does not come easily. It is complicated and difficult—but if you will bear with me, I will attempt to analyze some of the crucial points involved.

Cotton is a so-called "basic commodity." The law that provides for its price support lays down the requirement that acreage must be restricted if price is to be supported in years when supply exceeds demand. Our cotton growers have reduced their acreage from 25,244,000 acres planted in 1953 to 19,961,000 acres planted this crop year. One acre in every five had to be taken out of cotton this year, and an even greater cut is in prospect for 1955.

Why do I mention *cotton* when your interest is in *cottonseed*? Cottonseed is a byproduct of cotton. The supply of cottonseed as such cannot be controlled. Its production is determined by the supply and demand factors for cotton. If the cotton crop is big, there is a lot of cottonseed; if it is small, there is less. And if, as in this current season, the production of cottonseed is reduced by acreage restriction it is because of an excess supply of cotton and has nothing to do with the supply either of vegetable oil or of meal.

There is, it is true, a separate price support program for cottonseed, but whether there shall be such a program at all and at what level the price of cottonseed shall be supported are left to the discretion of the Secretary of Agriculture. This season the support is at 75 percent of parity, and production has, as I have said, been reduced by the acreage restrictions on cotton.

Now soybean growers have not yet had to accept acreage allotments and marketing quotas in order to secure government support for your crop. In 1952 and 1953 soybeans were supported at 90 percent of parity, but support for the 1954 crop has been reduced to 80 percent of

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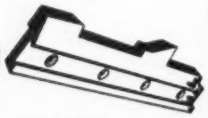

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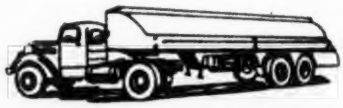

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parity. The Department of Agriculture, in its press release announcing this reduction, asserted that:

"The level of support for the 1954 crop is designed to keep this year's soybean acreage in approximate balance with production needs *without resort to acreage allotments*" (italics supplied).

Purpose of Support

I think we know what this meant. None of us would argue that the Secretary of Agriculture lowered the support level in order to secure a *greater* production of soybeans! What he clearly had in mind was the evidence of a mounting surplus of oilseed products, and what he was trying to do was to discourage an increase in the acreage planted to soybeans. He was hoping to use the price mechanism to secure in your industry what acreage restrictions upon cotton promised to do for cottonseed, namely, to keep supply and demand in reasonable balance.

What came of this expectation? On July 9th the crop reporting board estimated that the harvested acreage of soybeans for beans this season will be 21 percent larger than the 1953 crop. The Aug. 1st estimate of the crop reporting board predicts a soybean crop of 303.6 million bushels, which will be the largest crop of record, 16 percent larger than the 1953 crop of 262 million bushels.

In the face of this increased acreage, and despite the Department's assertion that the lowered support was "designed" to avoid "resort to acreage allotment," the Washington Soy Letter, published by the National Soybean Processors Association, asserted in the July 1954 issue that:

"Talk of acreage allotments on soybeans has found little support in Washington. It is a major crop in the singular position of having cost the taxpayer nothing." And R. G. Houghtlin, president of the National Soybean Processors Assocaition, said in a recent letter to the editor of the Wall Street Journal:

"There has been no abundant soybean crop; quite the contrary. As a matter of fact, we have never had a sizable carryover of soybeans, and it is unfair to leave the impression that the soybean crop is 'already abundant'."

This, I submit, is a very paradoxical situation. Here we have two oilseeds that together largely supply the American market's needs for edible vegetable oil and meal. For three seasons now—1951-52 through 1953-54—the products of cottonseed have moved into government stocks while soybeans have moved into consumption. But neither of these oilseeds and none of their products would move into the hands of CCC unless they were in surplus. Yet we are told that the particular crop that supplies the lion's share of these products — soybeans — is not even "abundant."

This season the "paradox" promises to be compounded. The production of soybeans has been sharply expanded while that of cottonseed has been as sharply contracted. Measured by acreage planted, soybean supply will be up by a fifth while cottonseed supply will be down by a fifth. Yet CCC is again expected to purchase 1954-crop cottonseed products. In fact, if 1954-crop soybean production is substantially above the August government estimate, CCC will certainly have to purchase correspondingly larger quantities of 1954-crop cottonseed products.

Why is this? Is it because the market will need less of the edible oil and proteins derived from soybeans and cottonseed? Or may it be the result of the added supply of oil and meal contained in your larger output of beans? In the final analysis of the market you are not producing soybeans but soybean oil and soybean meal, just as our industry is producing not cottonseed but cottonseed oil, cottonseed meal, linters and hulls. Can you seriously contend, as the Washington Soy Letter does, that soybeans have "cost the taxpayer nothing"? If there were fewer soybeans, would Commodity Credit be laying out taxpayers' money to buy vegetable oil and meal, which you produce in far greater quantities than do the growers of cotton?

Now we come to the situation that is worrying and, indeed, alarming us.

As Mr. Houghtlin has said, there has never been a significant carryover of soybeans, but we certainly have had some huge carryovers of cottonseed products that are competitive with soybean products. In the 1952-53 season, when both cottonseed and soybeans were supported at 90 percent of parity, CCC received approximately 50 percent of the entire production of cottonseed products but ended the season with a negligible quantity of soybeans. In the 1953-54 season, when CCC continued support of soybeans at 90 percent of parity but reduced cottonseed support to 75 percent of parity, CCC received approximately 20 percent of the entire season's production of cottonseed oil and lesser percentages of meal and linters. As you will have noted, the proportion of cottonseed products received by CCC fell from 50 percent to 20 percent when the cottonseed support was reduced from 90 to 75 percent of parity. No soybeans remained in CCC's hands at the end of the season, and for practically the entire

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Problem of surplus cottonseed threatens soybean as well as cotton market.

1953-54 season soybeans have brought prices well over 90 percent of parity.

Now, let's look at the 1953-54 experience a little more closely.

The first point to be made is that the over-all surplus was smaller in 1953-54 than it had been in 1952-53, primarily because of your own smaller production of soybeans due to adverse growing conditions. It was this reduction in the size of the surplus, and not the lowering of the cottonseed support from 90 to 75 percent of parity, that accounted for the reduced proportion of the cottonseed crop taken up by CCC. In 1952-53 the surplus was equal in size to about half the cottonseed crop; in 1953-54 the surpus, primarily because you produced fewer soybeans, was equal only to about a fifth of the cottonseed crop. In both years the surplus, whether large or small and whatever its origin, was taken up by CCC in the form of cottonseed products.

This brings us to the second point to be noted about the 1953-54 experience. One oilseed—soybeans—was supported at 90 percent of parity but moved into the market for consumption, which means that it was freely salable for *more* than its high support.

But the products of the oilseed that was supported at only 75 percent of parity—cottonseed—moved in large quantities into CCC's hands, which means that they could not, on the whole, command in the market the prices corresponding to the *lower* support. In market terms this seems to demonstrate that soybeans were cheap at their 90 percent support level while cottonseed at its 75 percent level was too expensive for its products to be used up.

The values of oil and meal are determined by supply and demand in the market. And, as of course you know, "supply" for this purpose includes not only soybean oil and soybean meal but cottonseed oil and cottonseed meal as well as other commodities — including lard and butter, for example—that can be used to satisfy the same demands. And "demand," as you also know, is not for one or another of these products exclusively, but turns from one to another as relative prices shift. It is in this manner that the mechanism of the market normally keeps the prices of these competitive products in line with each other—soybean oil with cottonseed oil, and these in turn with, say, lard; and also soybean meal with cottonseed meal.

The value of soybean meal in a bushel of seed is considerably greater than the value of the oil. We could logically say that it is a "mealseed" rather than an "oilseed." The opposite is true of cottonseed: The value of the oil is greater than that of the meal.

This results partly from the fact that by weight soybeans contain relatively more meal than does cottonseed. But it is also the result of the relative values of meal and oil. Soybeans haven't always been a "mealseed"; in some years, when meal was cheaper than it has now become as a result of changed feeding practices, the oil in soybeans was worth more than the meal, and soybeans were an oilseed. Cottonseed, on the other hand, has always been—and is today—an oilseed.

I think you begin to see what I am leading up to. The parity prices on which our support levels are based are historical relationships. In a past period regarded as representative, soybeans and cottonseed stood in a certain definite relationship to each other. That relationship the statisticians use as their base—their 100 percent. But with the passage of the years the relationship has shifted: Meal has become more valuable relative to oil; and soybeans, with their greater meal content, have become more valuable relative to cottonseed. *In a free market, and without supports, soybeans would today sell at a higher percentage of parity than would cottonseed.*

Now to summarize this point, if cottonseed is supported at, say, 75 percent of parity, the product values involved yield something more than 75 percent for soybeans. How much more only the open market can disclose; and its testimony over the last three seasons is that the differential is more than 15 parity points. The first testimony came in the years when soybeans and cottonseed were both supported at 90 percent of parity. In those years cottonseed products were acquired by the government and soybeans sold at well over 100 percent of parity in the market. The final and the really conclusive testimony came this last season when there was a 15 parity-point differential and it was still cottonseed products that went to CCC.

Cottonseed is a perishable commodity. From this it follows that a loan program is impracticable in the case of raw cottonseed. To be effective, therefore, a price support program must make provision for crushing the seed and for the acquisition by CCC of the products, which are far more durable than the seed from which they are derived.

The effect of these Commodity Credit purchases is to maintain the prices of cottonseed oil, cottonseed meal, and linters. If prices in the free market are higher than the CCC prices, the oil mills of course sell there; but if prices sag they use their privilege of tendering to CCC, and the price decline is arrested. This support of cottonseed oil and meal in turn supports the prices of soybean oil and soybean meal.

Now of course the accumulation by CCC of large quantities of cottonseed products proves there is a surplus. You may like to think that it is just a surplus of cottonseed and that soybeans are not involved, but this hardly fits with the fact that by accumulating cottonseed products CCC has supported soybeans too. Let me remind you that CCC today holds enough cottonseed oil to make more than a billion pounds of margarine.

But what practical difference does all this make? I assure you I wouldn't be taking this much of your time if this wasn't a matter of great practical significance both for soybeans and for cottonseed.

My immediate interest is, of course, in cottonseed's position. Being the effectively supported commodity, it is the one that is vulnerable to attack if the support program results in excessive losses to the government. In a way, the prospect here is that future insult will be added to present injury. First our product is stored by CCC rather than consumed by industry, and our customers quit using it and become accustomed to its competitor: soybeans. And then, when the day of reckoning comes, we are the ones who incur the full blame for whatever losses the government may sustain.

The Final Irony

And the final irony of it all is concealed in the considerations to which I have earlier directed your attention. The support of cottonseed, whether at 90 percent of parity as in past years or at 75 percent as in this season and last, has had the effect of supporting its competitor—soybeans—at prices so remunerative that you have steadily expanded your acreage and thus have enlarged the surplus of vegetable oil that CCC, because of the way existing support programs operate, mops up in the form of cottonseed oil.

This, if you will, is cottonseed's side of the problem. We are now entering our fourth straight year of this kind of a program under which 50 percent, or 20 percent, or what-

ever percent may be necessary of our cottonseed products is removed from the market in order to make sales for *all* of the products of our competitor — and at prices always above our prices on the parity scale. There is no way to estimate the damage—much of which is permanent—that cottonseed products already have suffered. I cannot say to you today just what the cotton industry is going to do. I am sure it would have moved with all its strength to correct this difficulty before now if the complexity of the situation had not obscured what was really happening. And I can assure you that now that the record of the past three years is before us we shall not delay long in seeking a remedy to this intolerable situation.

There is a soybean side to the problem, too. For the past three crop years you have enjoyed a considerable market advantage over cottonseed and the same situation will obtain through the new year we are now entering.

Looking at it as best I can from both your side and ours, here are the things I think we should consider:

First, the price support program was never intended to be used to pirate markets away from one commodity and give them to another. When such distortions as this develop and, further, when they are accompanied by such potential losses to CCC as are involved in the present situation on cottonseed, all farmers have a great interest in correcting the difficulties promptly. If they are not corrected, the whole farm program is jeopardized. Therefore, we hope that in the interest of all American agriculture, you who produce soybeans will join with the producers of cottonseed in finding an equitable solution to this mutual problem.

Second, in looking at the soybean side, the export situation must also be taken into account.

During the last half of the 1930's, the production and consumption of edible fats and oils in this country were just about in balance. Then came the war and the terrifically increased demand for fats and oils to meet the needs of ourselves and our allies. There was no crop so well suited to make the dramatic expansion that was needed as soybeans—and soybeans responded magnificently. From a prewar level of about 75 million bushels you increased your production to about 200 million bushels by the war's end. Then came the postwar reconstruction, followed by Korea and the large demand continued. The increase in soybean production also continued—accelerating at an even faster pace than the demand, until this year you are passing the 300-million-bushel mark.

Now returning to our domestic edible fats and oil situation we find that our production and consumption are no longer in balance but that for the past five years production has been exceeding consumption by about 35 percent—or over 2 billion pounds annually. Also we find that by far the greater part of this increase is attributable to the increase in soybean oil.

This is a situation that all of us who produce fats and oils have got to face squarely. It means that we are going to have to find a market for this excess or face the painful alternative of reducing our production.

In the domestic market, we know that consumption is very inelastic. It has stayed almost constant at about 43 pounds per capita, through good times and bad, for the past 20 years.

Therefore, it is clear that we are going to have to look to export markets for most of our solution. Now fortunately that picture doesn't look too bad. That's actually where our surplus has been going, except for the part in the form of cottonseed

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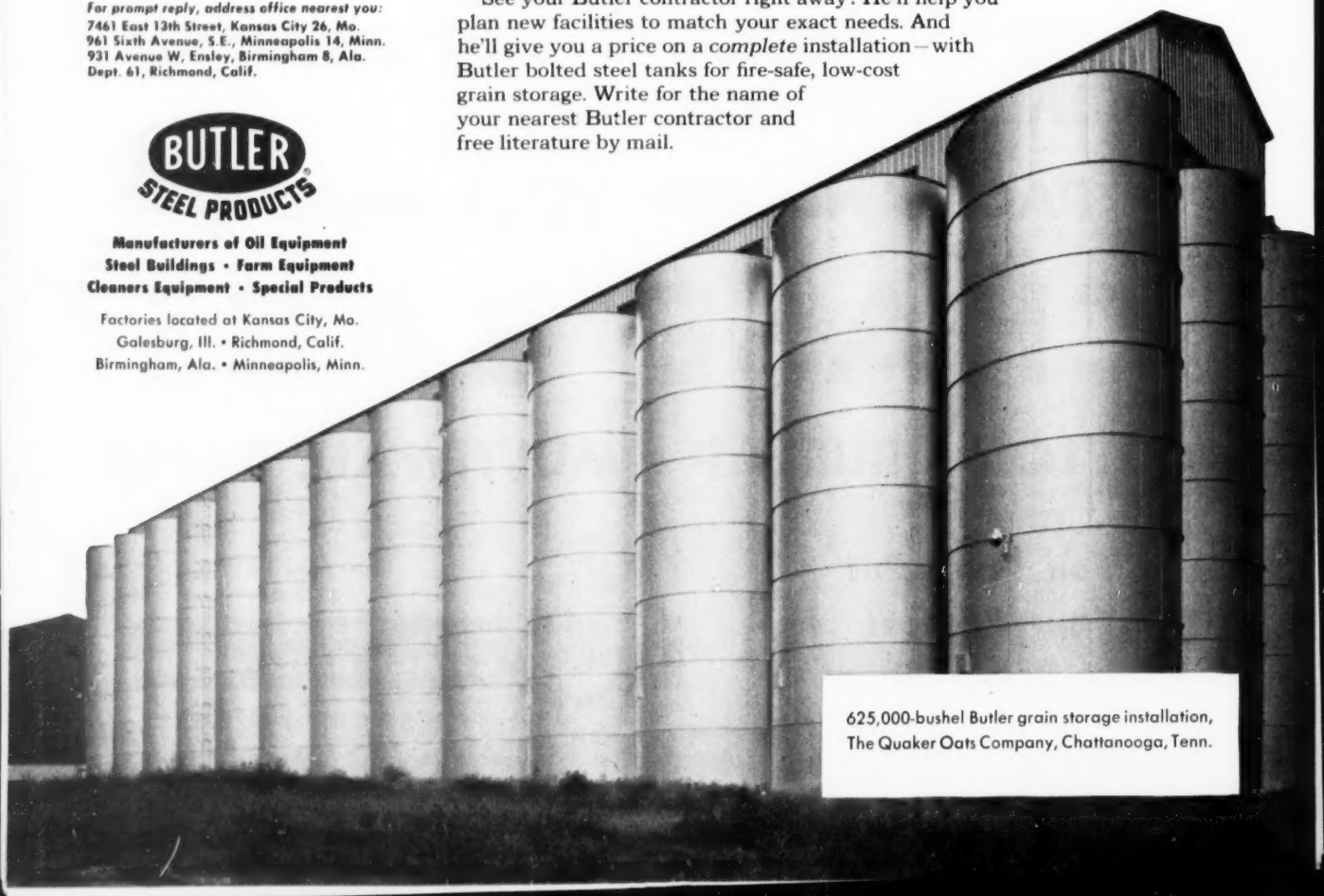

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oil and butter that has been going to CCC during the past three years.

The very first step in a sales job of this kind is to find out what our customers want—and this we have done. They want lard and soybeans —and *especially soybeans.* That's what they have been buying when they could get them and that's what they want in increasing quantities.

The opportunity that exists today to build export markets for soybeans on a longtime, continuing basis is the kind that comes once in a lifetime, and we must not let it pass. The cotton industry is your natural ally on this one and we want to help all we can. As I just said, the export demand is for oilseeds, not oil. Cottonseed is too perishable for us to build an export trade but every time you export soybeans, it is just as though we had exported cottonseed, insofar as reducing the surplus in our highly interchangeable domestic fats and oils market.

Washington Pressure

You are aware of the pressures that were exerted in Washington last fall to remove soybeans from the list of commodities available for export under the Sec. 550 program, and you know that effort succeeded. Within the past three weeks, agricultural news letters coming out of Washington report that efforts are again being made to retard soybean exports and, more specifically, to deny soybeans the right to make export sales for foreign currencies under the Agricultural Trade Development Act just passed by the Congress.

The arguments again being advanced are that soybeans are not "in surplus." Well, this new law says the program shall apply to commodities that are *in surplus* or *might otherwise become surplus.* If there are those who still persist in kidding themselves into thinking that soybeans are not in surplus *now,* I don't believe even they would contend that soybeans will not "*become surplus*" if their exports are retarded.

We can assure you that our industry will be right at your side in your efforts to promote soybean exports, through the new Trade Development Act, and otherwise.

Third, the problems and opportunities that confront us in expanding the domestic markets for our vegetable oils are perfectly enormous and should be receiving our preferred attention.

Governmental discriminations against our products are by no means completely licked. The Navy is still prohibited by federal law from using margarine and state barriers of one type or another against margarine still exist and continue to be proposed. Furthermore, the development of new markets in such fields as frozen desserts has enormous possibilities if federal and state discriminations can be removed. And just recently we have been confronted with a new threat to our already established markets as the government attempts to get rid of its surplus butter stocks through bargain sales and give away schemes.

After a very careful study, we are convinced that a general sales promotion program on margarine to supplement the specific brand-name advertising of the individual manufacturers would pay big dividends.

And again on the problem side, there is the threat of the invasion of our shortening market by chemical extenders that we should be moving on with real force.

We learned from the margarine fight what cottonseed and soybeans working together can do in expanding markets. In 1950, the year we repealed the federal anti-margarine law, the two of us together sold about 725 million pounds of oil in the margarine market. By last year, 1953, we had increased this figure to 995 million pounds—a gain of 270 million pounds.

But whose gain was it? Soybeans —every single pound of it! But that's not all. Soybeans' gain in this market from 1950 to 1953 was over 410 million pounds! Where did the extra 140 million pounds come from? You guessed it! Cottonseed lost it. Our sales dropped from 415 million pounds in 1950 to 275 million pounds in 1953 in the margarine market—the very market that we had worked so hard, for so many years, to win!

What had happened? The price support program that I have been trying to describe to you had been put into effect in 1951—the year after we *thought* we had won the margarine fight — and 1.4 billion pounds of our cottonseed oil had gone to CCC, while soybean oil looked after our margarine market for us!

How would you feel, if you were in our place? Could you be a very enthusiastic ally in teaming up to do battle for expanded markets if that had happened to you, because of a quirk of the federal price support program? I don't think you would—and I don't think we could, until the condition that brought about this tragedy is corrected—until we at least have a chance to share in any market expansion that our efforts might produce.

I have talked with you very frankly and sincerely about the most important problems faced by our two industries. It is my earnest hope that we will work together for their solution.

World Fats and Oils Supplies

BY PAUL E. QUINTUS
Director, Fats and Oils Division,
Foreign Agricultural Service

WE IN THE Foreign Agricultural Service are charged with the responsibility of developing foreign market information of interest to American producers, processors and exporters of farm products and to aid in the building of new foreign market outlets. By virtue of my topic here today on the world fats and oils supplies, I will stress our foreign market information rather than the market promotion phases of our work.

In any case as far as soybeans are concerned, our foreign marketing activities have never reached high gear. It seems the only problem is to produce enough soybeans to meet domestic requirements and to cover the existing foreign demand. Now, if we were to talk about soybean oil, the story would be a little different.

Subject is Complicated

Fats and oils present a difficult subject when approached on a world basis. There are many sources of supply over the globe, including the seven seas. Total world supplies are thus made up of numerous separate items, often relatively unimportant to the economy of the country in which produced. This means that accurate production and other statistics are among the most difficult to obtain. To make matters worse, we have a near blackout around part of the world which is especially significant to the total supply picture for fats and oils.

Subject to the limitations just noted, we keep a running account of the world production and trade for 22 major fats and oils items. Included are six edible vegetable oils, namely soybean, cottonseed, peanut, sunflower, olive and sesame. Then we have six industrial vegetable oils of which linseed and rapeseed are the most important; four tropical nut oils where coconut and palm oil are the standouts; and butter, lard, tallows and greases among the animal fats. Finally, marine oils must be accounted for, specifically whale, sperm whale, fish and fish liver oils.

We have estimated total world production for 1953, pure fat and oil basis, at 26,785,000 short tons. This is essentially equal to the previous record established in 1951 and about 2 percent greater than world output in 1952. It is also about 13 percent above the prewar average which roughly compensates for the increase in world population. There is the additional factor, however, that synthetic detergents and other nonfat substitutes have made rapid strides since prewar. This has released large quantities of fat from industrial uses, and augmented the supply directly or indirectly for edible purposes. When this development is taken into account, it can probably be said that the annual rate of world production since 1951 results in somewhat higher per capita supplies of edible fats and oils than we had before the war.

A few observations on the composition of total production may be of interest. Soybean oil and cottonseed oil are almost equal in importance, running just under 2 million tons each in recent years. Peanut oil is in the same range in good crop years and actually exceeded 2 million tons in 1953. Olive oil production fluctuates widely from year to year, usually in the range of ¾ million to 1.5 million tons. Sunflower and sesame oil are somewhat less than half as important as soybean, cottonseed or peanut oil. Also, we may not generally realize in America that rapeseed oil, which is mainly used for edible purposes throughout the world, is nearly as important as soybean oil.

Coconut oil, which is also produced in the range of 2 million tons annually or above, is frequently the most important single source of vegetable oil. Palm oil and palm kernel oil combined account for nearly 1¾ million tons annually.

In the total world picture, lard production is about double any single vegetable oil, followed by butter as the second most important source of fat in the world. Inedible tallows and greases, while considerably below lard and butter, hold the third position. Marine oils come close to a million tons and linseed oil has been running just over 1 million tons.

That's briefly the supply picture based on current rates of production. It does not specifically tell us what is happening in 1954 but we doubt if there will be any significant overall change. A lot depends on the size of the oilseed harvests this fall but it can generally be assumed that increases in one country or in one crop will be roughly offset by corresponding decreases elsewhere. We could point to the reduced olive oil production in Spain as the result of the February freeze, the short supplies of edible oils in Argentina, and other instances of decreased production. On the other hand, copra production continues to recover in the Philippines and elsewhere; Norway has just had a record production of fish oil; and the soybean crop in the United States is expected to set a new high. And so it goes.

From the standpoint of appraising total world supplies as they affect international markets, overall production is not as significant as a measurement of the quantities available for export, and where those quantities are. For this purpose we need to pay particular attention to the current production in countries which are normally net exporters. Moreover, exportable carryover stocks must also be taken into account. The total exportable supplies must then be balanced against the import requirements of the normally deficit countries.

Without going into the analytical details, it is safe to say that exportable supplies of fats and oils are a little on the high side in terms anticipated trade. Nearly 25 percent of world production enters international trade. We estimate the export trade for 1953 at 6,160,000 tons, fat or oil basis. Our forecast for 1954

is up nearly 500,000 tons, mainly because of the sharply expanded exports from the United States. For the current marketing year ending Oct. 31, the U. S. is headed for a new export record of about 1.5 million tons—nearly 25 percent of anticipated world exports.

The increase in exports from the U. S. this year compared with recent years—also at high levels—is heavily weighted with flaxseed, linseed oil and cottonseed oil. Even so, the large exportable stocks of cottonseed oil which will remain in the U. S. at the end of this season present one of our major marketing problems. If butter stocks and some other fats and oils are taken into account, we will perhaps have exportable stocks in the neighborhood of 600,000 tons in addition to the exportable supplies arising from current production.

U. S. Stocks Largest

There are no other exportable stocks in the world comparable to those carried in the United States. So the question becomes one of evaluating a stockpile of, say 600,000 tons in terms of world production and trade which are already at relatively high levels and which we are assuming will continue relatively high for the immediate future. To answer this, several factors must be taken into account, and many of these are shrouded with uncertainties.

To begin with, international traders naturally consider U. S. policies governing the disposition of its stocks as one of the most important factors in the world fats and oils market today. In spite of various assurances that we do not intend to "dump" large quantities at low prices, there is evidence that international buyers have not been fully convinced that this is so, or that our announced policy may not change when they are carrying substantial inventories. To the extent that this is true, it means that importing countries are operating on rather low inventories, and we are carrying the stocks. If our stocks were distributed around the world so as to raise the levels in deficit areas, we do not believe anyone would consider world stocks to be excessive. The trouble is, they are essentially all in one place and thus loom very large in terms of import requirements during any short period of time.

There are also other respects in which world stocks of fats and oils do not appear to be excessive. Specifically, there are a number of countries which are in need of increased imports. Several in South America, including Argentina, may step up imports if financing can be

There are, on the other side, some further points to consider. The size of the current oilseed crops in China and China's policy in respect to exports of oilseeds and vegetable oils can make a big difference to supplies available for world trade. If Chinese exports should increase, the United States would find it more difficult to reduce stocks through export channels. The situation here cannot be foretold with any degree of accuracy, but it is one we watch as closely as possible in our efforts to develop foreign market information. There is further the basic point that "surplus" stocks are primarily in the form of cottonseed oil while the greatest export demand is for crushing materials rather than oils. This means that the oils tend to be the last to move when total world supplies are adequate. Nevertheless, the growing margarine industry in Europe has already begun to use more cottonseed oil with good results and represents an expanding outlet for vegetable oils generally.

Finally, as a result of the changed situation in the United Kingdom whereby the fats and oils trade returned to private hands, the Ministry of Food has some surpluses to dispose of. These stocks also temper the market somewhat and temporarily add to the supplies available for consumption in other countries.

To sum up, it looks as if world supplies of fats and oils balance out on the side of plenty. At the same time, if world distribution problems can be solved, or even improved somewhat, total supplies do not appear to be excessive. In saying this, we are assuming that current production will continue near recent high levels with decreases and increases about offsetting each other. If we were to have just one year of widespread crop failures in important exporting countries such as the United States or West Africa, or in such heavily populated countries such as India, then, of course, world supplies would tighten up in a hurry. When this possibility is considered, consumers around the world can derive considerable satisfaction from the fact that the United States has a substantial reserve.

World per capita supplies of fats and oils are now probably running ahead of prewar.

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MARKETING

Soybeans and Products Futures Markets

By JAMES S. SCHONBERG
Uhlmann Grain Co., Chicago, Ill.

THE CHICAGO Board of Trade is appreciative of this opportunity to discuss with you the futures contract markets for soybeans and its products—crude oil and meal. We believe that both your organization and ours have contributed importantly to the development and expansion of this crop.

As the production of soybeans grew in importance, recognition was given to the need for forward pricing and a means of spreading the risk of ownership and forward acquisition. The exchange started the trading of soybean futures in 1936 when the size of crop in the United States was only 10 percent of this year.

The uses of soybeans are principally for the separate products which they supply. The oil finds constant, widespread competition from other fats and oils, and the meal use, while we like to believe it is indispensable to efficient animal feeding, still must be curtailed when the supply is reduced from small soybean crops or the price is relatively high compared with other feeding ingredients. The meal finds a demand from abroad as it is contained in the whole soybeans but there is little such call for it by itself and this demand is less stable than in the domestic market.

The use of high protein supplements has created new domestic fields in feeding animals and birds. Without this use of high proteins, a farmer wastes a portion of his grain or a commercial feeder finds that he cannot compete with those who use proteins. The cycle of soybeans revolves around the need for the products which they produce, but at the same time is the means of creating more competitive products.

If at a given time meal is the dominant factor in soybean demand, its increased production also increases the oil output while at the same time the meal fed to hogs brings more lard to compete with the soybean oil. Adjustments come in devious ways—through changes in cottonseed production which is also influenced by the market for another commodity—cotton. Changes in cattle population, and many other switches in our ever changing economy all contribute to necessary adjustments.

So far we have not grown a soybean crop (unless this is the first year) that has more than satisfied our requirements at home and a ready market abroad. The processing trade which apparently has the most difficult task in soybeans has never worked under surplus conditions. Except for 1953 when there was a 10-million-bushel carryover on Sept. 30, each soybean crop has been used in its entirety during the season of its harvest.

We have reached a production of close to half the world's output but international trade is still smaller than before the war when China was the only exporter except for minor amounts supplied principally by the United States. Time will tell whether China again exports large amounts of soybeans.

Whichever way world trade in soybeans goes or whatever the domestic supply and demand situation may be, we believe that the futures markets will aid those engaged in production, processing and distribution of the crops.

There is no business as fortunate as the soybean trade in having futures markets for all its important branches. Wheat lacks adequate hedging or risk transference machinery for the feed portion of the grain. Even though flour prices follow wheat quotations close enough to be used as a basic hedge, the quality expressed in various grades and protein factors cannot be fully protected through pit transactions. Corn which is hogs and other animals in the final analysis, cannot hedge its feeding value as there is no forward pricing market for livestock, poultry, etc. Cotton lacks full hedging mediums for all its products.

But soybeans, which do not vary much on quality factors compared with the futures markets delivery requirements, have also crude oil and meal futures markets fully matching grade standards of the products produced by the crushing mills. Multiple delivery on oil and meal futures contracts permits participation in complete hedging by many trade interests in widely-separated locations.

Even though these three futures markets are available in the soybean trade, their purpose is not for the disposition of crops by growers or products by processors by delivery in consummation of futures sales nor the acquisition of supplies by taking delivery on futures purchases. We consider the use of futures markets is primarily for the purpose of transference of risks and a means of forward pricing. The long historic record of grain futures contracts is that only a minor percentage of the volume of trade is settled by delivery —probably less than 1 percent.

Basing of cash commodity transactions in accordance with location and grade in relation to the existing pit price is the method employed in pricing commodities traded for futures delivery. This gives buyer and seller the opportunity to hedge by making offsetting futures trades. While all informed tradesmen know the relationship of their cash commodity price to the futures market, they do not all hedge, but many do systematically use the futures market for that purpose.

Some trades are based on a premium or discount compared with the futures market—a "cash basis" trade —with buyers and sellers exchanging futures in opposite purchase or sale to their cash trades. In the grain trade, we refer to this as "give-up against cash" and others use dif-

ferent terms, such as "ex-pit." These futures trades, while not executed in the pit are carried by a clearing member of the exchange and are cleared through the Clearing House and bear the same responsibilities with the exchange and the Commodity Exchange Authority as trades executed in the pit. The futures positions entered into through these trades may be reversed later by pit trades or again by an exchange of futures when another cash commodity transaction is involved.

All on Same Terms

All futures contracts entered into are on the same terms, no matter what purpose they serve, whether for speculation or as a hedge against soybeans, oil, or meal located at a delivery point or in a location out of position for delivery. The application of futures positions against the cash commodity gives protection against price changes because the widespread use of futures for such purposes creates similar price movements in both, varying only as the cash basis changes and for quality and location.

Nevertheless, the obligation of futures purchase and sale is to take or make delivery according to exchange rules during the month designated in the contract, but contracts may also be settled by opposite futures purchase or sale of the same delivery month. The U. S. Supreme Court ruled many years ago that offsets are, in effect, a delivery.

Trading in a newly-quoted futures month starts almost a year ahead of its maturity. Before a crop is planted the futures quotation for deferred delivery months indicates the value at harvest time and the price changes during the life of its trading as supply and demand factors develop. Growers may gauge their acreage by this price and may sell some of their probable production ahead to a country elevator who in turn locates a buyer who will sell futures as a hedge.

Exporters may make sales abroad and buy the futures, maintaining ownership until a later date when someone will sell them the cash soybeans to load on their steamer. As time passes, other cash commodity transactions are made, resulting in "long" or "short" hedges being

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placed in soybean futures or in the oil or meal. At a price, a buyer or seller may always be found. Often in early pit trading of a newly quoted futures there is mostly spreading—the purchase of one futures against the sale of another; traders of this nature express their convictions in relative price relations for different times of delivery rather than in the outright price. Others engage in spreading operations between soybeans and the products, believing that one is selling too low compared with the other — buying the one considered relatively low and selling the higher-priced. Futures prices change with the different factors that make the price and tend to reflect the composite judgment expressed by those who are trading.

The terms of futures contracts are made by the members of the exchange and their governing body. The Chicago Board of Trade soybean futures contract provides for delivery only in Chicago grain elevators or during the last three days of the delivery month in boxcars after arrival and inspection in Chicago. The elevators must operate under an Illinois state license or a federal license, but all those now regular for delivery are federally licensed and are supervised accordingly. Some of the elevators are located on the waterways providing receiving and shipping facilities for Great Lakes vessels or for barges via the Illinois River and connecting waterways. All the elevators, of course, can load and unload boxcars and most of them can handle trucks.

The contract quantity is 5,000 bushels except odd lots which are in multiples of 1,000 bushels. The grades of soybeans deliverable on contract are of U. S. standards. No. 1 and 2 yellow are deliverable at the contract price and No. 3 at 4 cents discount. The owner of warehouse receipts is protected against quality deterioration of the soybeans under the terms of the U. S. Warehouse Act and can have the soybeans loaded out of the elevator any time he provides shipping equipment.

When the rules for trading in crude soybean oil were written they followed as closely as possible the practice in the cash oil trade. The standards for grade were set so that about all the processors conveniently located could participate. Both expeller and solvent oil, and degummed of each, was made deliverable. Refining loss up to 7 percent qualifies with premiums provided for lower percentage. The color shall not be deeper than 3.5 red. Customary analysis for quality was also adopted. The processor issuing a warehouse receipt may ship oil of any contract type but those taking delivery on futures for the purpose of shipment customarily know the type of oil each processor ships.

Contract Unit

The contract unit is a tank car of 60,000 pounds and the price of the oil is basis in store Decatur, Ill., even though delivery may be made at any regular warehouse located within the area from the Ohio-Indiana line to Des Moines, Iowa, and from Louisville, Ky., to Minneapolis, Minn. Adjustment with the Decatur, Ill., to New York local rate is made at the time the oil is delivered on the futures contract. Points taking a higher rate than from Decatur are allowed the difference by the seller, and those with a lower rate, a charge is made to bring up the rate equal to Decatur.

As a precaution (but it never has been used) the warehouseman may issue a "demand" certificate provided the entire amount of oil for which he is "regular for delivery" is covered by outstanding warehouse receipts. The "demand" certificate requires the buyer to ship the oil within a short period of time, as compared to the privilege of carrying a warehouse receipt at his pleasure.

The crude soybean oil contract has worked exceptionally well and trade in the futures has grown steadily since its inception in July 1950.

When soybean meal futures trading was started in Chicago in 1951 it was possible only to use the "demand" certificate method of delivery. Now a different type of certificate has become available and trading on the new style contract is starting.

This new style contract in some respects is the same as its predecessor in that it gives a buyer the right to order the meal to unrestricted destinations. The price is basis "free on board" cars at Decatur, Ill., although the meal may be shipped from a different delivery point. Only 44 percent protein meal may be so delivered.

Where the big difference from the "demand" certificate contract comes in is that delivery is by a soybean meal shipping certificate. It gives the owner the privilege of carrying the certificate as long as he wishes. There is a premium charge of 3⅓ cents per ton per day for this purpose. It amounts to $1 per ton for 30 days or $100 for a contract of 100 tons.

When the owner of the certificate orders out the meal it must be loaded within five business days unless there are prior orders in excess of two-thirds of the the processor's production capacity which extends the shipping period on this basis, but never more than 20 running days from receipt of shipping instructions. In case of such delay the premium charge stops five days after shipment is ordered.

It is our belief that this change in contract terms will attract buying interests which formerly were withheld. Some speculative buyers want the right to take delivery and carry the commodity without having to ship it. This was denied them under the "demand" certificate form of contract, therefore they would not trade in our meal futures. Feed

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manufacturers and merchandisers can carry a stock of meal taken on delivery as a hedge against their requirements and ship the meal as it is needed, although the contract is not designed to encourage this practice in place of cash purchases.

It is expected that the crude soybean oil and meal markets will expand from broader participation by trade interests to the point that soybean and grain futures markets are used. It is systematic for grain handlers past the country elevator level to transfer the major price risk of ownership to the futures market and to retain the merchandising risks, principally changes in the cash basis—the relationship of the cash price to the futures. Simultaneous with each purchase of cash grain a futures sale is entered into. This hedged position is maintained until there is a sale of grain or product at which time an opposite purchase of futures is made.

In the soybean trade, grain elevator operators use the same trading method. Processors have the same trading machinery available to them. Most flour millers regularly use the futures markets in placing and lifting hedges against their wheat and flour. At times a flour mill is "long" wheat futures having sold more flour than their stocks of wheat on hand and they retain the futures purchases until the cash wheat is bought to grind into flour. As stated earlier, exporters buy grain futures equivalent to their foreign sales and at other times they sell futures "short" against a grain stock held in storage or a cash grain purchase for later shipment.

The soybean trade sells futures against the beans held in their elevators. When a processor sells either oil or meal he can lift the soybean hedge and place a hedge on the remaining product in the corresponding futures market. If a product sale is made, another procedure could be to buy the corresponding oil or meal futures and keep the short position in soybeans. There are many ways of using soybean and products futures in connection with cash commodities operations, in accordance with the judgment of the business management.

The feed manufacturing business is very extensive. There are thousands of plants throughout the country. The soybean meal futures market is available to them for the convenience of making purchases against their requirements of meal or to aid in price protection during the accumulation of an inventory. Futures purchases can be entered into pending the actual buying of cash meal often available on special billing at less than the unrestricted price. While carrying an inventory, sales of meal futures contracts offer hedge protection to the feed manufacturer. The feed manufacturing trade may not be as accustomed to the use of futures markets as other businesses in handling grain or related products and who use futures regularly, but the machinery is definitely available for the feed trade's use.

There are over 500 quotation tickers scattered over the United States that carry the prices at which commodities have been traded on the Chicago Board of Trade. Also many private wires to firms' offices as well as electric boards, radio and telephone communication carry this information. The dissemination of these prices throughout the country quickly informs tradesmen of the trend of values. The price of many transactions being based upon a relationship to the Chicago price tends to unify price movements in a commodity except where sectional influences are stronger. Heavier selling by producers, buying by consumers or influences of other nature result in buying or selling orders reaching the Chicago Board of Trade pits, which gives the futures their real value as a pricing medium.

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Let's Buy Soybeans on a Cleaned Basis

BY L. E. KENNEDY
Kennedy's Grain Elevator, Newton, Ill.

AS THE topic assigned to me would indicate, we are mostly concerned with the excess foreign matter in the soybeans that are being brought to the markets today. From the standpoint of a producer and a buyer the question of the greatest concern to me is: "What are we going to do about it?"

The presence of foreign substances in the beans of the 1952-53 crops has been especially heavy. In our area in south central Illinois the weather has been a very heavy contributing factor in these excess quantities of foreign matter in our beans. In 1952 we had excessive rainfall after cultivation, causing the weeds to overtake the beans with the ultimate result that we had a lot of dockage.

In 1953 the severe drought and hot weather in August hit our soybean crop and fairly burned it to the extent that it did not mature properly. Some of the soybeans were so dry and others were green that when they were combined the dry ones were broken up to the extent that they were called dockage or foreign material. A lot of this condition was uncontrollable on the part of the producer. He was wanting to get his beans combined as early as possible and if they would pass the requirements of the No. 2 grade he was glad to get rid of them. At the time of delivery a lot of those beans would pass a No. 2 grade of 14 percent moisture and 3 percent foreign material. The more these beans were handled the more breakage would occur and by the time the processor would grade them the foreign material would be increased in some cases to as much as 5 to 8 percent.

In 1952 our elevator handled approximately 290 cars of soybeans. In 1953 we shipped approximately 212 cars and 85 truck loads of beans which graded as follows:

6—cars—No. 1 96—cars—No. 3
60—cars—No. 2 96—cars—No. 4
39—cars—sample grade

In other words 65 percent of our cars and truck loads graded worse than No. 2. The above figures constitute approximately 410,000 bushels. On 410,000 bushels handled the excess dockage amounted to 6,406 bushels, figured at $2.60 per bushel which amounts to a grand total of $16,655.60. Besides this you have to add to the total the handling, freight, trucking, etc. Remember this is just the picture of one elevator in south central Illinois.

What is the solution and what are we going to do about it? In the first place the buyer was partly responsible for this situation. As you know the best way to keep your customers and make new ones is to keep from docking his grain. Up until the past two years you could always buy enough clean beans to blend with the bad ones and still get a No. 2 grade. But due to such weather conditions as I have mentioned, it became impossible to do that. Besides that, the farmer began to realize he could put a lot over on the grain buyer and still get by with it.

As a farmer made a remark to me one day, "You buy Mr. Jones' beans that have a lot of weed seed in them and pay him the same price as I get for my clean ones so why be particular," which I'm sure was true to some extent. We buyers were trying the same thing but were getting penalized very heavily for being a good guy for our farm customers. Now, in order to induce the farmers to market good clean beans, we must change our grading system.

If the farmer is to be rewarded, and we might well think of it that way, we will have to pay him a premium for doing so. Changing the basis on foreign material from 3 percent on No. 2 beans to 2 percent on No. 1 beans will not accomplish the goal the processor desires. As everyone knows the No. 2 grade is

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a basis for buying corn, wheat, oats and soybeans and not a No. 1 grade. When we think of a No. 1 grade it is a special grade above average and should be compensated with a premium price for the farmer who is able to market No. 1 beans.

Until the past three years in our marketing area farmers would bring their loads of beans to the elevator and would be proud to show them to their neighbors. There was many a load that you could have used for seed without cleaning. Recently it has come to the point that every farmer wants to harvest his beans just as soon as he can, whether they are ready or not, in order to get finished because he is afraid of the weather.

As he knows, the elevator man wants his beans and he will give him a break on the grade in order to hold his business. By doing this the elevator man is paying the penalty for his own generosity.

Now in order to get good clean beans again and re-educate the farmer on the advantages he can gain by doing so, I propose that No. 1 grade of soybeans should consist of the following:

12 percent moisture
2 percent foreign material
10 percent splits
54 lb. test weight

Other discounts to be agreed upon, and above all a 5-cent premium for a No. 1 grade.

Now I know the first big question on this premium price is, how can the processor afford to pay the 5-cent premium for No. 1 beans? In the first place it amounts to just this: *Are we going to continue to buy and handle all this weed seed and dockage or are we going to try to work out a solution and plan to keep this weed seed and dockage out on the farm?* Most producers in our territory don't mind the 1 or 2 percent dockage on their loads as long as the price is the same as their neighbors. If you pay a premium price, as I have suggested, then they will look at that price per bushel which means more to the average producer than what little dockage he has taken on his load of beans.

In other words establish a base price on No. 2 yellow beans of:

14 percent moisture
3 percent foreign material
20 percent splits
54 lb. test weight

Other factors to be established and a premium of 5 cents per bushel offered if they grade No. 1.

If we can succeed in accomplishing our goal of getting good clean soybeans to market, which I think we can, then we can create a demand for our products as well as improve their quality.

The Processor Looks at Foreign Material

BY GLENN POGELER

Manager North Iowa Cooperative Processing Association, Mason City, Iowa.

THE MATTER of foreign material in soybeans has been of interest to everyone handling soybeans ever since they first were grown commercially here in the United States.

Probably an outstanding statement was made several years ago at a local grain elevator. A farmer was talking to another farmer while the elevator operator was unloading a truckload of soybeans which the second farmer had just brought in. The load was very dirty with a lot of black dirt in it. The first farmer said to the second farmer, "How are you selling your farm? By the bushel or by the acre?"

Situations like this, I believe, are repeated very many times a year over the soybean belt and I am sure you all will agree with me that conditions which make it possible for a farmer to sell his farm as a part of the soybean crop certainly do not do anything for the soybean marketing methods. Many country elevators do not have the time or the facilities during the harvest rush to remove this material from the soybeans, and I would guess that 100 percent of this material finds its way to the soybean processing plants.

The soybean processor who has a large amount of money invested in equipment to process soybeans, I am sure, is not interested in processing dirt, weed seeds and other material which do not add anything to the finished products from the soybean. As processors we are constantly attempting to put out better products which will meet the increasing demands for protein and for better quality oil products. The only way that we can do a better job of putting out better products is to get high quality raw material into our mill.

The problem of handling foreign material in the mills is in itself a problem that needs constant attention and from the experience which we have had in the soybean processing business, surely we would much prefer not to even have this material come to us in the raw beans. We find that the cleaning operation is one that is a constant problem for us and the foreign material creates a lot of wear in all of our machines and our highest maintenance cost in our mill is for maintaining the equipment which we use to handle the foreign material in the plant. In addition the transportation and handling of this material has wasted thousands of dollars yearly.

Foreign material in soybeans is of several types. Soybeans from different areas contain foreign material that is common to the particular area where they are raised. We find the following materials in soybeans: Weed seeds, soil, pods, rocks, wrenches, corn, oats, flax screenings and occasionally someone attempts to water the soybeans. The soil, rocks and wrenches have caused our maintenance men plenty of headaches. Any one of these foreign materials will not do a thing to make better quality finished products from our mill.

The Pure Food and Drug Administration in the past several years has been stepping up a program of factory and mill inspections which is designed to clean up all of the raw materials that are going into products which eventually find their way for human consumption. Certainly, it would be prudent for the grain standards in this country to call for the raw grains and oil seeds, that are used in the production of products for human consumption, to be of the very highest type.

Grading standards should encourage, not hinder, delivery of only best quality soybeans to processing plants.

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And, of course, the job of keeping the raw material in the best state should begin at the point of production. To keep the Pure Food and Drug people happy, we must have the complete cooperation of everyone who handles soybeans from the processing plants back to the farms.

It has been my experience in my dealings with the farmers that soybeans can be cleaned up at the farm and it is only a matter of setting up grain standards and buying practices which will induce the farmer to do the job of cleaning the soybeans right at the combine. Most farmers tell me that they can clean up the soybeans and they can bring to the market soybeans which do have a very low foreign material content. I have also recently heard that a lot of the combines which have been sold recently have not included the equipment to take out the fine weeds because they have felt that with the standards allowing 2 to 3 percent of foreign material in soybeans they may just as well leave that material in the beans as to clean it out.

Soybean processors have gone on record several times requesting a change in the official standards for soybeans, and I believe their feeling has not been changed during the past year. We especially have recommended that the foreign material percentages allowed in the grades Nos. 1, 2, 3 and 4 should all be reduced by 1 percent. During the past year, the processors have also changed their methods of buying and have reduced the allowable amount of foreign material in the soybeans coming to the mills by 1 percent. As a result of this, we have been buying No. 2 beans, with a maximum allowance of foreign material of 2 percent instead of 3 percent and we have also made a change of moisture from 14 percent to 13 percent maximum allowance. I believe that the grain standards should be changed to bring the grade of soybeans which are most commonly traded by the processors in line with the type of material which we are interested in receiving at the plants and which are of the most value to all concerned.

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Glidden Founder Dies

Adrian D. Joyce

Adrian D. Joyce, 81, founder of the Glidden Co. and chairman of its board of directors, died of a heart attack at his home Aug. 25.

Mr. Joyce brought Glidden from a firm with $2 million in sales in 1917, to $211,758,522 in the fiscal year 1953.

Under his leadership Glidden Co. grew to be one of the two or three biggest paint makers in the world and one of the biggest producers of margarine. Glidden now has 40 operating units and 28 laboratories located from coast to coast.

Joyce was one of the earliest to sense the wisdom of decentralization and one of the first to put it in practice.

Today Glidden makes paints and varnishes, food products of many kinds, vegetable oils, chemicals, pigments, pharmaceuticals, animal and poultry feeds, naval stores, soya products, powdered metals and many other products.

Handling Soybeans in a Port Elevator

BY A. A. CLARKSON
Manager, Public Grain Elevator, Port of New Orleans

I FIRST ENVISAGED an export elevator as a very large building with semi-circular sides containing many wheels and belts going in all directions, and in which one needed a miner's lamp to go from place to place due to the heavy fog of grain dust. To make it more weird, the whole place should explode at any minute.

At the expense of seeming to advertise, we have, I believe, one of the most up-to-date export elevators of any port. We have put in a whole battery of cleaners and additional equipment to quickly and efficiently handle all shipments. I mention this because I hope that during the coming soybean season we will not have as many troubles as we did last year.

The best way to know of showing you our problems is to start with a carload of beans from the time of issuance of a permit, and carry it through the elevator to the ship.

We receive a commitment for soybeans from an exporter "A." We issue a permit to him for the beans to be shipped in. Then we start our troubles. Shipper A may or may not turn the permit over to Shipper B who in turn may give it to someone else. Or he may let it lie dormant and use someone else's permit. Soon we have a lot of permits going out in all directions. As a result, if we issue too many permits, and they are used, we could block up our house. If we refuse to issue permits, the business goes to another port. Anyway, let's get back to our car of beans. The permit is issued for No. 2 yellow soybeans. The car finally arrives in New Orleans. Before it is moved to the elevator tracks, it is sampled and graded by the Board of Trade, a separate agency, independent of the elevator. Incidentally, weighing, checking for leaks, etc., of the car is also supervised by the Board of Trade, giving us a Class One rating with the railroads.

That car grades in as No. 4 yellow soybeans. The exporter has asked for No. 2 yellow. It is graded up North as No. 3 yellow and now it is No. 4 yellow. We bring it into the house and clean it up to No. 2 yellow. The farmer or interior seller has been discounted for grade and the exporter has paid freight on dockage—something he doesn't need —as well as cleaning charges. Also, when weighed into the house the car has lost more than the normally recognized ⅛ of 1 percent.

That makes everyone unhappy. The interior shipper, the exporter, and the railroads complain. Our scales are checked twice each year, to make sure they are in adjustment. We leave nothing in the car. Yet we are asked to explain the loss of the grain. For that car, the problem was simple.

Now, we get many cars and barges each day. Some beans are No. 1, some No. 2, some No. 3, etc., down through sample grade and even mixed grain. We are supposed to blend this all together and make a foreign shipment of No. 2 grade. We get all set to blend. As we start it to the ship, we find that the No. 2 grade beans brought into the house are now No. 3 grade. Different inspectors grade it out. And, of course, as long as we are all human, different people grade differently. The result is that I must put on the ship beans of a much lower foreign material content.

When I finally get the ship loaded the inspector grades it No. 2 yellow soybeans, 3.0 percent foreign material. To get that, I have had to use beans which on paper come to 2.5 percent foreign material. So I give the exporter a filing on that basis.

The letter opener used in opening the letter containing the filing is hardly cooled before I get a telephone call berating me for not giving him the proper mix he is entitled to. He insists that I give him a better filing. If I give him a better filing,

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A change in grading standards will help but it will take education to solve problems of quality.

his stocks will reflect all good grades of beans and I shall have in the house only the poorer grades. Later on, when he wants to ship out his better grades, I would be forced to buy those grades from someone else to meet his book stocks. However, I would own the poorer grades which I could sell at a discount. I know you all will agree that that is not good business, at least on my part.

Exporters figure out on paper just how they can mix No. 1, No. 2, No. 3, and sample beans in the proper proportions to obtain No. 2 yellow soybeans at just under 3.0 percent foreign material. That would be fine and it should work if each inspector graded exactly alike. But they don't. Yet it is our problem to load out as near to the paper figures as possible.

Because of dispatch time values and demurrage values, we have tried to work around the clock when ships were waiting in line—you might say, a threat of congestion. This worked well for soybeans when we had sufficient good beans in the house. However, due to the relatively low moisture content last season, the soybeans split more easily when worked through the house to the shipping bins. As a result, No. 2 beans, of say 2.8 percent foreign material, developed more husks and splits, so the grade became No. 3 beans. Thinking we had sufficient good beans available, we told the ship's agents. They in turn provided the stevedores for night work. We found we didn't have sufficient good beans, and must clean others during the night. The ship must stop loading and we are in the "dog house" with the agents, since they must guarantee the stevedores three hours' labor.

Grain Mixtures

The above troubles are based purely on human judgment. We also have other troubles. Every so often we receive cars of beans, which when dumped, show considerable other grain, particularly corn. As you all know, with human nature what it is, the obtaining of proper samples for grading from cars, is difficult. The tryer does not reach into the grain deep enough. As a result, the grade may be given as, say, No. 2 yellow soybeans. We place the carload in the elevator. Along comes a ship to take these beans. We start them out, and we are immediately stopped by the inspectors for attempting to load mixed grain for beans. We tell them that the official grade given us is No. 2 yellow soybeans. They don't care. The beans have lost their identity in the house, and therefore we must have made a mistake by putting a car of corn in the same bin with the beans. We have made a couple of mistakes like that, but we can't be wrong all the time.

I have heard rumors that country shippers place seven or eight bushels of corn in a few cars because at the high price of beans, the difference in cost of corn and beans will pay them for the cost of loading the cars. Incidentally, on one day we found 11 cars containing other grains.

Before I go any further, I don't want anyone to get the impression that the inspectors in our fair city are not doing their job properly. My colleague from the Board of Trade is here in this audience. I want him to know, and everyone in this room to know, that those men are conscientious, hard working, and grade the samples as fairly as possible. They are capable and really "call their shots" as they see them.

I also don't want you to get the impression we are operating anything but an efficient elevator.

As you have noticed, through my talk the words "foreign material" have predominated. To my mind, and I am sure yours, the question is, "How to get rid of the foreign material from soybeans?"

Of course, one way is to change the grading standards. That means the inspectors are placed in the position of policemen. The only reason for changing the standards is to force the farmers and interior elevator men to live up to a stricter code. But that would not prevent people from putting corn or dirt or trash in the bottom of cars. It may be necessary to change the standards.

There have been many complaints about delivering green beans for yellow beans. It may be wise to change the standards back to yellow and green beans instead of the one class. The overseas buyer then would pay for the class desired and that source of complaint would stop.

Yet, I think there is a better way —a more difficult way, it's true— but in the long run, the best way. The Soybean Association should embark upon an intensive program of education for the farmers and the country elevator operators. The time required to complete the education would depend upon the intensity of the program.

As I understand it, the countries growing soybeans are not too many. And with the many uses now found for soybeans, that commodity is in greater demand than ever. Like any other good product, good soybeans can be easily sold. The farmer not only makes more money on good beans, but the market is waiting for more of them. The market is not receptive to poor beans. It will buy them, but only the minimum needed. With the market expanding with good beans, the opportunity is available for the farmer to grow more good beans, and he thereby makes more money. I am thinking particularly of the European market.

If the farmer would pay more attention to his crop and, when combining, definitely steer clear of allowing foreign material to enter each load, he would be sure of selling No.

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2 beans. If these in turn went into the export market, the country would gain an excellent reputation and foreign buyers would want more beans, which the farmers could raise on the extra acreage now forced idle by government controls. The demand is there. Do you want to take advantage of it?

The above does not apply to the farmer alone. The country elevator operator must cooperate. It will do no one any good if, after the farmer sends in excellent beans, the elevator operators should dilute those beans with foreign material. I appreciate it would be difficult for the operator to resist doing it. Take a hypothetical case. A farmer sends in beans free of foreign matrial. An elevator now loads out a car containing 2,000 bushels of No. 1 soybeans. One percent of that load is 20 bushels. So he dumps into the car 20 bushels of trash. The car is still No. 1 soybeans. And the operator, at say $3 a bushel, makes $60 on that operation alone. Two cars a day and he is making pretty good money for nothing.

Could it be that interior elevators have taken the attitude, "Well, I am going to be discounted anyway so I had better get mine first?"

Honor and Integrity

Before closing I would like to leave one more thought in your minds. For 35 years I was a Naval officer. The honor and integrity of officers were never doubted by the Service. A certain few had neither, but they had to prove to the Service that they were without either. They may be slightly dumb and lazy, but their honor and integrity were never doubted.

I have been in this grain business exactly 14 months. One of my greatest impressions is that there is an undercurrent of mistrust in the whole trade. I hope I am wrong, but that is the impression. I can see how it could come about. The farmer harvests his beans and trucks them to the interior elevator. He feels he will get a poor price for his labors, so he does not worry about picking up morning glory seeds, cockleburs, leaves, sticks, and other trash in his beans, since he will get paid about the same price. If he doesn't have it in already, he may put some foreign material in to increase his take home money.

As I said before, the country elevator operator might put as much foreign material as he could in what he sells because he is going to be discounted anyway. The buyer purchases on a discount basis because he thinks the country elevator operator is going to short change him as to quality.

The buyer brings it down to the export elevator for export. If the beans are not up to the limit in foreign material, he expects me to work off the off-grades to bring it up, so he can make money from the foreign buyer.

The foreign buyer, knowing all this, does his best to discount the exporter, or at least, has our government check on the exporter. In the long run, the foreign buyer is the one to be satisfied, and also he is the one who is going to keep up our foreign market, or even increase it. If everyone gave the best and the foreign buyer was happy, our foreign trade in soybeans would be bound to improve.

Even in our elevator when I give a filing to the agent of a shipper, that filing being exactly what we did deliver to the ship, the agent calls me and unconsciously leaves me with the impression he thinks I jipped him.

I don't mean to infer for one minute that the trade is—should I say "clever." No one is breaking a law or regulation. It is just that everyone is leaning over backwards in favor of themselves—or maybe to protect themselves. If in each operation along the line each one leaned more in favor of his client, our basic troubles would disappear and exports would rise.

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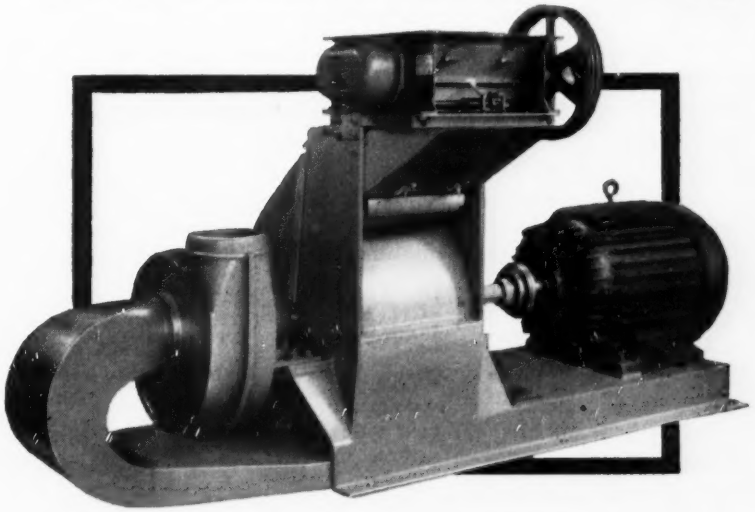

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Problems in Exporting Soybeans

BY W. B. FOX
C. B. Fox & Co., New Orleans

INASMUCH as I have been asked to tell you what I know of the problems in exporting soybeans to world markets, I shall begin with 1930 when we first exported soybeans from the United States. In that year, 24 years ago, we shipped 2,000 tons—about 75,000 bushels of yellow soybeans to Rotterdam, Holland. These soybeans were from central Illinois and of excellent quality and they were handled through the Public Grain Elevator at New Orleans although no soybeans had been so handled previously.

As I said before, these beans were of excellent quality and contained very little foreign material. In fact, after they had been received abroad, we heard from the receivers through our correspondents that they were fully equal to the Manchurian soybeans which as you know are hand picked. In addition to containing very little foreign material they did not have the mud or dirt or dust on them that is generally found on Manchurian beans.

The foreign material content gradually increased as the grain growing areas of the United States expanded. This may have been a natural result of finding new and more seeds and weeds in the fresh areas but we encountered no serious problem with foreign material until the grading standards were change in 1949, and 3 percent instead of 2 percent of foreign material was permitted in the No. 2 grade. Since that time we have had no end of difficulties with foreign material.

We are not sure whether the weeds are growing faster and better or whether the farmers are more careless in their harvesting or if they have readjusted or altered their harvesting machinery so as not to screen out the foreign material at its source inasmuch as they were being paid for it as soybeans to the extent of the 3 percent allowed for the No. 2 grade. It is only natural for a farmer to leave as much as 3 percent foreign material in his harvest if he is not to obtain any premium for removing it. Also it is only human for a country elevator or terminal elevator operator to add beans with excessive foreign material or even straight foreign material to the extent of bringing their deliveries to the 3 percent level.

Quality Lowered

This change of practice and policy has resulted in our beans being much dirtier than they were with the resulting criticism from abroad reflecting in our product being held in lower value and esteem than the products of competing countries which are cleaner.

Unlike domestic merchandisers of soybeans in the United States, the exporters have no recourse to a scale of discounts by which lower grades may be applied on contracts with allowances. Instead, the exporter must make the No. 2 grade or better and in nearly all instances a federal appeal certificate is required since the foreign buyers have been led to believe that *only* by calling federal appeal can they obtain the No. 2 grade as set out by the Department of Agriculture standards.

Foreign buyers once thought this federal appeal certificate was their panacea but they have since learned that federal supervisors are just as human and no better at grading than the licensed and qualified inspectors of the various port organizations. We have had as many complaints about foreign material in our shipments abroad since we have been supplying federal appeal certificates as we had before we furnished the buyers with these certificates.

I think a solution to the foreign material problem would be to treat foreign material above 1 percent as dockage as is done in wheat and flax

WHAT DID LESLIE SAY ABOUT—
SOYBEAN CROP ESTIMATE?

Letter #510 For Monday, August 2, 1954

"Our estimate of the 1954 Soybean crop based on August 1, 1954 conditions is— 306,657,000 bushels."
August 10—U.S.Dept. of Ag. 303,577,000 bushels

Subscribers to the weekly Leslie Commodity Letter received an accurate crop estimate 8 days before the official report, enabling them to plan accordingly.

MARCH WHEAT?

Letter #503 For Monday, June 14, 1954

"We suggest you raise your buying point on March Wheat to 198¼ for long term."

On June 18 March Wheat made its season's low of 198.

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What does this week's letter say about—
JANUARY AND MARCH SOYBEANS? MARCH MEAL?

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but not classing splits or broken bean particles as foreign material. Broken beans could be thrown into the split category.

Recently we had a receiver of a cargo abroad claim our shipment contained 40 percent of green beans and sent us a sample taken at time of discharge to prove it. We submitted this sample to the federal supervisor whose office had graded the outbound shipment and he confirmed the grade again as No. 2 yellow and said the sample was in conformity with his original shipping sample and that it did not contain more than 40 percent of green coated beans but that the beans were not considered as green under our standards since they had a yellow tinge when cut through.

Want Yellow Beans

Color is another problem for the exporter for under our standards green coated beans are not classed as green beans. But having been accustomed so many years to the Manchurian soybeans, most buyers frown on our green or greenish-coated beans since the ultimate product has not the same color or cast as the resulting product of the strictly yellow beans. Processors in Japan, for example, insist that Tofu, one of their staple foodstuffs, is unsalable when made from greenish beans because the consumers in Japan are accustomed to Tofu made from yellow beans. Even the Germans and British and other European users have complained of our beans not being yellow.

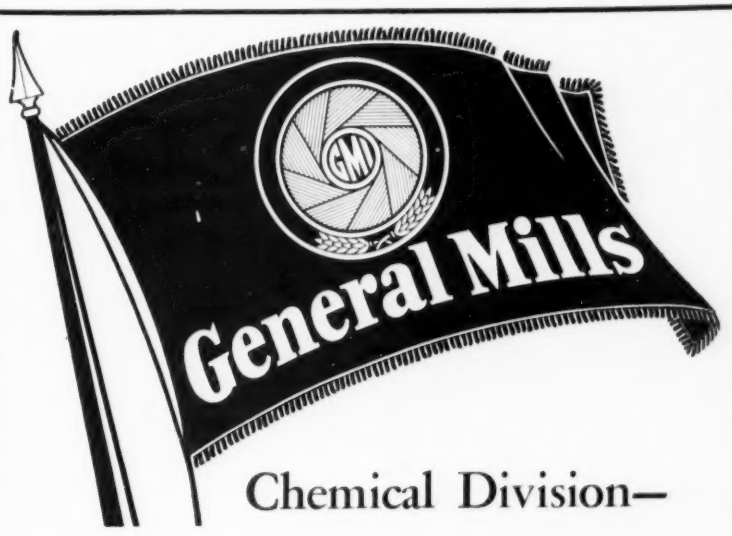
Prior to September 1949, you will remember, these green beans were classified as green and at that time exporters either sold yellow beans, green beans or yellow and/or green mixed and of course the buyer knew what he was getting because the color was defined in the standards so as to separate the green from the yellow at least to maximum 5 percent.

Damage is still another serious problem for the exporter at times. Last year we bought No. 2 beans in southern Illinois and they graded No. 2 at time of loading. But because they had some of the green foliage with them, these beans were sample grade and very highly damaged by the time they reached their port destination only 10 days later. The moisture in the foliage had fermented causing heat which in turn damaged the beans, although the beans were not high in moisture.

This damage also occurs in storage in country elevators or other places where frequent turning is not possible or where the beans cannot be inspected periodically and moved when signs of heat appear. Such beans frequently come out of the interior storage light brown and even dark brown and we have seen them with as much as 80 percent damage. When only 3 percent of damage is allowed in the No. 2 grade you can readily understand that little of such beans can be mixed off in export shipments and the exporter is left with them at the ports and can only realize anything from his investment by paying the difference between the export and domestic freight rate down to seaboard and the domestic freight rate back to the interior for sale to some processor or to some elevator to be mixed off in beans for delivery to processors.

Several hundred thousand bushels of such beans containing excess damage and excess foreign material, not removable, were shipped back from Gulf ports to Chicago and other interior points this year because it was utterly hopeless to expect sufficient volume of export business to mix off these beans of inferior quality. To protect themselves, the exporters have had to increase their discounts on foreign material and damage so as to permit that these sample grade and unmerchantable soybeans be returned to interior markets where they they can be used.

The natural thought is why do not exporters sell some No. 3 or 4 soy-



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beans. But this is impossible. We have all tried it. Buyers feel in taking these lower grades that they are getting soybeans which are too inferior to be usable and in many instances it takes a while to induce a new buyer to accept the No. 2 grade because he wants only the best—No. 1.

We have also been asked by receivers abroad to sell on sample which is of course possible but risky since here one must depend on analysis and arbitration made by foreign arbiters who are not too well versed with the average of American crops and furthermore it is difficult to establish fair average samples for a crop like ours grown over such a wide area, in such varied climates and in soil of such different chemical analyses as to oftentime change the color and other characteristics of the seed beans. Furthermore, our Department of Agriculture has discouraged such sales since they wish their certificates recognized throughout the world.

Exporters have been asked to send a committee abroad to confer with buyers' committees regarding the quality and delivery of U. S. soybeans but of what use would such meetings be when we are to continue to sell on certificate final and supply a certificate of the highest grading authority in the United States? Possibly something is wrong with our grades or grading or growing or harvesting. The exporters feel that the Department of Agriculture should investigate from this end first and not commence abroad.

There are other problems facing the exporter, as for example the matter of hedging. He cannot buy and sell at the same time; hence he must either buy first and hedge, or sell first and hedge. In either case the exporter is buying or selling beans which are generally not tributary to the Chicago futures market where he places his hedges, and if he is caught with an advancing or declining Chicago market and his soybeans are hopelessly out of position, he subjects himself to considerable loss.

It is not as though one were buying beans in Illinois at differentials or discounts of freight off to Chicago, but when one buys beans in Virginia, Pennsylvania, Arkansas or Alabama, these beans have only a relation to Chicago when the export business is brisk; but if one has beans in Philadelphia or New Orleans and the Chicago market runs up $1 per bushel, as it did this year and the export business falls off completely, the exporter risks losing the equivalent of more than the domestic freight rate from these ports back to Chicago which is practically the only market due to the artificial prices caused by speculative longs. Memphis has not yet proved to be an adequate hedging market for southern beans and is, of course, of little or no use for Atlantic Coast beans.

To obtain strictly yellow beans, or what they think are yellow beans, buyers will often stipulate Illinois origin with identity preserved. This offers another problem for the exporter since he must pay a premium to obtain Illinois beans and must arrange with the port elevators to preserve the identity of such beans for which the elevator demands additional charges. Furthermore, the exporter frequently incurs railroad car and barge demurrage on such soybeans because of congestion at the port, during which the elevators naturally refuse to block their storage with beans whose identity must be preserved.

This is often very expensive and could be avoided if green beans were not permitted in yellow beans so that the exporters could accumulate yellow beans wherever they are grown and the elevator in turn could be responsible to the exporters only for yellow beans without origin specified. Green beans acquired on country purchases would, of course, have to be sold separately and probably at a discount.

Buying by Carloads

Exporters have foolishly or carelessly let themselves in for another hazard; namely, buying beans by carload lots in a market which is as fluctuating as the soybean market. They buy 50 or 100 cars from 25 or 50 individuals and they reckon these cars to average about 1,700 bushels. If the market is up the cars will invariably average about 1,500 bushels and if the market is down the cars will average about 1,900 bushels. Thus, the exporter who has hedged his purchases, is in for a loss on the total bushels which he, of course, has no chance of recovering.

A fair way for contracts to be made—a fair way for both the buyer and the seller—is stipulated bushels and have the shortage or overage settled at the market price on the day after the unloading of the last car at destination. This rule is accepted by the grain trade throughout the United States and the exporters should resort to it for their protection and for the protection of the sellers.

Another thing which the exporters should not overlook is that they are buying net bushels of soybeans and some of the foreign material runs up as high as 22 percent as I have seen it, then he is really not buying 20,000 bushels, but only after all the cars have been discharged does he realize he may have received only 18,000 bushels and he has to adjust his position and take a loss (or profit) on the difference—generally a loss.

Perhaps I should not mention this, but I cannot see why any hazards of exporting soybeans should be concealed. In a rising market, the exporter who makes his purchases ahead and at a flat price takes a certain risk, for in the past we have all encountered an unreasonable number of defaults by sellers who have made contracts at prices too low for them to complete their contracts when delivery time came around. Some such contracts were honestly but speculatively made, but others were willfully entered into by

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235 million bushels would be available shippers who had no intention of fulfilling them if the market did not go their way. I mention this in passing because such is not true in the grain trade generally and it may be only true in the soybean trade because of the violent movements of the markets and the fact that there are many newcomers in this relatively new business who were not brought up in the traditions of the grain trade.

The exporting of soybeans contains other hazards which are common to the exporting of grain, but of course these are accepted risks and not peculiarly difficult to the exporter. There is the risk of congestion at the ports no one of which seems ever to have sufficient storage or handling facilities for large seasonal movements as are forced on them from time to time. In such cases the exporter may encounter railroad car demurrage, running into thousands of dollars each year, and of course, barge demurrage.

In addition to the demurrage at the ports, the exporter has at times found himself in a position of being forced to take delivery on purchases in the interior because he was unable to get the permits with which to fulfill his contract by permitting the seller to ship to the ports. This has proved costly on occasions since interior demurrage is so very high. Then there is demurrage on vessels which are awaiting loading. I have seen as many as 34 vessels waiting to load at New Orleans and the average demurrage on each vessel is $800 to $1,000 a day. This too can become very expensive in addition to which, because of haste to relieve the situation, the port elevators nearly always force the exporters to make their loadings on overtime.

Then there is the little matter of shippers accidentally or willfully plugging cars with corn, morning glory seeds and other foreign products. This has at times been quite serious and caused considerable concern to the federal supervisors. We have received cars with large quantities of corn, morning glory seeds and even sand in the far away corners of cars which could not be reached by the samplers' probes. When the cars were unloaded this foreign material became mixed into the soybeans, but generally not detected until the soybeans were being prepared for loading to vessels. Then the inspectors and supervisors would catch it in the deliveries to the vessels and the loading halted while these beans were returned for cleaning.

One might think the port elevators accepted these losses since they took the cars in at the face value of the inspection certificates but such is not the case for the port elevators, to protect themselves, do their cleaning in large lots and the exporters, whose soybeans are cleaned, are given after-cleaning weights from which have been deducted the invisible loss plus the actual loss of the sand, morning glory seeds and corn which have been extracted.

Needless to say this foreign material has little or no value and cannot nearly compensate for the cost of cleaning plus the invisible loss. For self protection the elevators are now equipping themselves with belt automatic samplers and if possible the adulterated cars will be specially binned and new analyses made by the federal supervisors and the returns to the shipper made on the basis of such new grades.

Earlier I mentioned the credit risk of domestic sellers, and I should also point out that there is a risk with the credit of foreign buyers as evidenced recently by the failure of several importing firms and processors in Germany. In this instance the exporters sustained no losses because the markets were well up and they were able to resell their contracts with profits to the buyers abroad but when the markets go the other way and such failures occur the losses must be absorbed by the exporters.

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Status of Soybeans in 1955 Farm Program

BY MARVIN L. McLAIN
Director of the Grain Division, Commodity Stabilization Service, U. S. Department of Agriculture

NATURALLY, you will want to start your plans for next year against the background of supplies already on hand.

Supplies of feed grains and concentrates are still large—our third highest, in fact—in spite of drought this summer over large areas of the country, which has materially reduced prospects for 1954 feed crops.

Hardest hit, of course, has been the corn crop, which by Aug. 1 had dropped to an indicated 2,824 million bushels, almost 500 million bushels less than was in sight a month earlier. Nevertheless, with the record 900 million bushels expected to be carried over on Oct. 1, the total corn supply for 1954-55 will be about 3,725 million bushels, 6 percent smaller than last year, but 4 percent above the 1947-51 average.

Supplies of each of the other feed grains will be considerably larger than last year. The estimated oats supply of about 1.8 billion bushels is 16 percent larger, due to a record crop of 1,529 million bushels; supplies of barley and sorghum grains are expected to be nearly 40 percent larger. The barley crop is estimated at about 373 million bushels, the largest crop since 1942, and the sorghum grain crop is estimated at 136 million bushels, a fourth larger than 1953's small crop.

The 1954 production of all feed grains combined is presently indicated at 116.4 million short tons, just slightly less than in 1953. However, with a record carryover of 31.3 million tons, our 1954-55 supplies of all feed grains will be a little more than in 1953-54.

Overshadowing all these feed grain supplies are our tremendous 1954-55 wheat stocks of close to 2 billion bushels, some of which will be used for feed.

As for soybeans, growers this fall will be harvesting a crop which is now expected to set a new record. In spite of drought and extreme heat in parts of the main soybean area, the 1954 soybean crop is now forecast at almost 304 million bushels—about 4 million bushels above the previous record crop of 1950. Compare this with 1953 production of 262 million bushels and a 10-year 1943-52 average of 231 million bushels.

This indicated record production is due primarily to the large acreage planted. Soybean acreage indicated for harvest as beans this year is a little over 17 million acres, almost 21 percent higher than last year and 50 percent higher than the 10-year average.

Effect of Prices

Favorable soybean prices during and before planting time influenced the size of this year's acreage. But, sharing the responsibility for the increase is another important factor—the increases directly reflect the diversion of land from wheat, corn, and cotton—crops which this year are being grown under acreage allotments.

We have no surplus problem in our carryover stocks of soybeans. This marketing year, the total soybean supply was the smallest since 1949, since drought sharply reduced production in 1953. Furthermore, U. S. soybean exports this year are expected to reach a new peak of about 40 million bushels. Japan had a short crop, and only small exports have moved from other soybean producing areas. And, with an increased foreign demand for crushing materials, resulting from the postwar buildup in livestock numbers, the United States has been exporting most of the soybeans moving in world trade. Our soybean exports next year may be even larger.

With carryover stocks of around 3 million bushels this fall, then, our indicated total supply of soybeans for the 1954-55 marketing year should be around 307 million bushels; of this amount approximately

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There will be no acreage allotments as such on 1955-crop soybeans, but they will be included under total acreage allotments.

able for crushing, with the balance being used for export, seed, feed, and carryover a year hence. Present indications are that the carryover in 1955 will be nearly as small as this year.

Production of soybean oil from the 1954 crop will probably be about 2.6 billion pounds, if exports of soybeans reach the 1953-54 level. This would be about 18 percent larger than that estimated to be produced from the 1953 crop. This increased output of soybean oil—with lard—will probably offset reduced production of cottonseed and peanut oils; little change in butter production is expected. So total supplies of food fats in the marketing year beginning Oct. 1, 1954, will be about as large as the peak quantity available this year. The output of edible vegetable oils for 1954, however, will be down a little—probably about 200 million pounds. Large stocks of edible fats and oils are currently on hand—mostly cottonseed oil and butter in CCC inventory; stocks of soybean oil, all in commercial hands, are the lowest in several years.

Production of soybean cake and meal in 1954-55 probably will total about 5½ million tons—10 to 15 percent larger than is expected for this year. Total supplies of oilseed cake and meal available for feeding in 1954-55 may be little if any larger than during the current year, since the larger production of soybean meal will be largely offset by the smaller production of cottonseed meal, resulting from the indicated 23-percent reduction in the 1954 cotton crop. Linseed cake and meal production is expected to be about as large as in 1953-54, with larger supplies of flaxseed on hand.

Allowing for the prospective 3-percent increase in grain-consuming livestock, the 1954-55 supply of feed concentrates, including grains and byproduct feeds, will probably be approximately one ton per animal unit—about the same as last year, and also near the 1948-52 average.

Hay supplies, because of the drought, will again be very short in large areas of the South, the western plains, and the Atlantic Coast region. Fortunately, however, ample supplies are in prospect in most of the northern states.

Perhaps I should mention here that the reduced-price sales of Commodity Credit Corp. stocks of dry milk for use in mixed poultry and animal feeds will be discontinued on Aug. 31, as announced at the beginning of the program.

By discontinuing sale of the dry milk stocks for feed use, well before the start of the new soybean marketing year, we should avoid any possible competition in the movement of the new bean crop to market.

Storage Outlook

I could hardly fail, in discussing these large stocks of grains and oilseeds, to mention one phase of the Department of Agriculture's overall program which has contributed substantially toward stabilizing conditions for farmers—making it possible for them to take advantage of price supports and to handle their large crops in orderly fashion. That phase is the untiring effort of the Department to help increase necessary storage facilities for farm commodities.

Loans have been made available to farmers to increase their on-farm storage capacities and to purchase drying and ventilating equipment to insure the safe storage of their crops. Storage-use guarantees have been made to responsible firms, to encourage the building of additional commercial storage facilities in areas where they were needed.

Under recent federal tax legislation, farmers also are permitted to make accelerated-depreciation deductions for their new or recently built storage structures, as a means of encouraging an increase in more permanent-type storage. This is similar to provisions authorized for defense plant amortization, and of course operates under the Internal Revenue Service.

CCC has also purchased additional bins in which to store the commodities delivered under price-support programs; total capacity of such emergency-type bins bought or contracted for now amounts to around 844 million bushels. Ships from the reserve fleet are also used for storing such commodities, particularly wheat.

I feel safe in saying that the storage situation is now fairly well in hand; certainly the Department has been diligent in emphasizing the potential seriousness of the problem and in helping farmers and industry to get in position to cope with it most effectively. Present indications are that serious storage shortages will occur only in certain limited areas.

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This gives you, I believe, a rather complete briefing about prospective supplies of feed grains and concentrates, of which soybean products form an important part. Now, what of the production plans for the year ahead?

Undoubtedly, questions which are uppermost in your minds regarding the "status of soybeans in the 1955 agricultural program" revolve around price and production policies.

The picture for price supports in the year ahead is this:

In 1955, as in the past, price supports for feed grains and oilseed crops other than the "basics" will be available at the discretion of the Secretary of Agriculture. In other words, price support for soybeans is not mandatory. As provided by the controlling legislation, the level of support may range from 0 to 90 percent of parity, after due consideration of a number of factors specified in the law, including availability of funds.

For the 1954 soybean crop, as you know, the level of support is 80 percent of parity, or a national average support price of $2.22 per bushel. For the 1953 crop, the support averaged $2.56 per bushel, or 90 percent of parity.

This past year's support program for soybeans, however—unlike the program for some other crops such as corn—has not resulted in large stocks in the hands of the Commodity Credit Corp. Altogether, only about 32 million bushels of 1953-crop soybeans were covered by loans and purchase agreements. While this is a rather large amount, compared with previous support operations for soybeans, the 1953 stocks have not remained inactive. Farmers have been redeeming their soybean loans until, on May 15, which was 16 days before the loan maturity date, less than 2 million bushels remained under loan. While our reports from the states are not complete, it appears that few if any soybeans were delivered to the CCC. Amounts in CCC inventory are negligible.

Now, I should like to discuss the crop production program for 1955 in some detail—first, because it has new features; and second, because a full understanding of its provisions by farmers and others will be necessary if we are to make it operate effectively.

I am aware that this group went on record last year as being opposed to acreage allotments for soybeans. So perhaps you may take comfort from the fact that in 1955 there will be no soybean acreage allotments as such. While the program has not yet been completely formulated, according to present intentions, crops such as soybeans would be included under the "total acreage allotment" which

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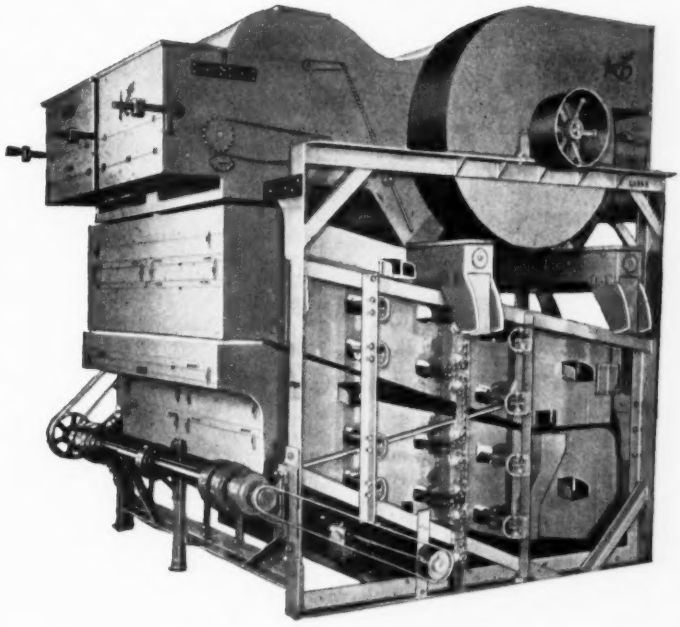

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will be in effect next year for the larger farms. "Total acreage allotments" are a feature of the cross-compliance, diverted acreage program which has been anounced for the 1955 production year.

Let me explain just what this program is and how it will affect the production plans of soybean growers during the coming year.

The production program for 1955 will have two main parts, and a grower must comply with those parts which apply to him if he wishes to be eligible for price support on any crop.

First, there is the "cross-compliance" provision, which applies to all farms, no matter what their size. In the past, if a farmer wished to be eligible for price support on any crop under an allotment program, he merely had to comply with his farm allotment for that crop, if he had one. In 1955, to get price support on any crop, a farmer must comply with all acreage allotments set for his farm. In other words, there must be "cross-compliance."

Thus far, acreage allotments have been announced only for the 1955 wheat crop. Growers in July voted approval of marketing quotas also for the 1955 crop.

Legislation directs the annual proclamation of acreage allotments for all the other basic crops, however, except in the event of an emergency. And, when the supply of one of the basics reaches a specified level, marketing quotas also must be proclaimed for that crop and a growers' referendum held to approve or disapprove such action.

In 1954, as you know, we have marketing quotas in effect for wheat, cotton, peanuts, and several types of tobacco; we also have allotments in effect for corn in the commercial corn areas.

Thus, in 1955, this "cross-compliance" provision could possibly affect a grower's price-support eligibility for any one or more of the six basic crops—wheat, cotton, corn, tobacco, peanuts, and rice.

To be in position to take out a loan on his 1955 wheat crop, then, a farmer would have to comply not only with his wheat allotment, but also with any other allotments—such as corn, cotton, tobacco, or peanuts—which had been set for his farm.

In addition to cross-compliance among allotment crops in 1955, there will be a further requirement in determining price support for farms where acreage allotments call for the diversion of more than 10 acres from the production of allotment crops. In these cases, a "total acreage allotment" will be established for the farm.

The total acreage allotment in general will include all crop acreage allotments established for the farm, and the 1953 acreages (or adjusted acreages) of other designated crops and crop uses on the farm.

When a total acreage allotment is established for a farm, in order to be eligible for price support on any crop, a producer must comply with all the specific acreage allotments set for crops on his farm and with the farm's total allotment.

If soybeans are among the designated non-allotment crops included under total acreage allotments, this provision of the program would affect soybean growers. How much it affects individual operators would vary from farm to farm and from area to area, depending on the size of the farm's total allotment and the number of crops included.

Suppose, for instance, the total allotment includes oats and barley and soybeans. Provided the farmer did not exceed the overall total-allotment figure for his farm, he would be able to adjust his acreages between non-allotment crops without affecting his eligibility for price support.

Department officials recognize that the program will undoubtedly increase pasture and hay crops, and eventually affect the production of livestock, including dairy cows. Increases here, however, would probably come slowly.

The program will not insure complete control of diverted acres—producers may comply with the allotments or not, just as they wish; if they do not comply, of course, they lose their eligibility for price support on any crop.

Incidentally, compliance with farm acreage allotments on the basic crops will be required in order for farmers to be eligible for assistance under the Agricultural Conservation Program.

You realize, I know, that it won't be easy to administer this program. Why, then, undertake it?

The cross-compliance and diverted acreage program is aimed directly at the problem of controlling or influencing the use of acres taken out of allotment crops under production adjustment programs. Without some guidance as to the use of acres diverted under allotment programs, those acres are likely to be planted to other crops which themselves soon would need adjustments.

Suppose all growers in the soybean area put all their diverted acreage into soybeans! You can understand what a problem that would create for all of us.

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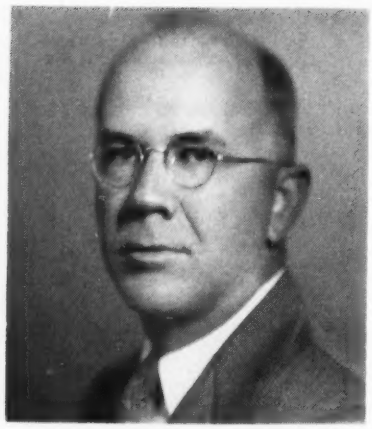


BY J. E. THIGPEN

Director Oils and Peanut Division, Commodity Stabilization Service, U. S. Department of Agriculture

MY REMARKS today will relate mainly to the current CCC inventory of around 825 million pounds of cottonseed oil. These remarks represent my own ideas as of the moment, and should not be viewed as the established policy of the Department.

Our current CCC inventory of cotton oil includes about 50 million pounds from 1951 crop seed; 525 million pounds from 1952; and 250 million pounds from 1953. This total of 825 million pounds compares with estimated cotton oil production from 1954-crop seed of about 1,575 million pounds, and with an annual U. S. consumption of all edible fats and oils of approximately 7.5 billion pounds.

A rough estimate of annual world consumption of edible fats and oils is probably over 40 billion pounds annually. Thus, the 825 million pounds of cottonseed oil in CCC inventory represents only about 2 percent of annual world consumption and 11 percent of annual U. S. consumption of edible oils and fats. Net U. S. exports of edible oils in the five years, October 1948 - September 1953, averaged about 1,250,000,000 pounds annually. I cite these figures merely to place the CCC inventory of cotton oil in a realistic perspective against U. S. and world consumption of edible fats and oils.

Another point to be considered in appraising the CCC-held inventory is the size of the current inventory of edible fats and oils held by the private trade. We know private holdings of cotton oil in this country are below those generally considered to be normal. The buying of edible fats and oils both in this country and in foreign countries recently has been very much on a "hand-to-mouth" basis. Not only are the stocks in this country at a seasonal low but they are also well below the minimum stocks which private trade could be expected to hold under normal conditions at this season of the year. Thus, it is evident that not all of the CCC inventory of cotton oil is "surplus."

On this score, how long do you think it would take to sell all our present CCC stocks of cotton oil to the private trade if some change in conditions should cause the industry to anticipate a 20 to 25 percent increase in the price level for edible fats and oils? The answer, as you know, probably would be only a number of days rather than a number of months. We do not now foresee this kind of change, however, and we ought to plan the handling and disposal of CCC-held oils in the light of the existing and anticipated conditions for the months ahead.

Protect Best Interests

The orderly disposal of government-held edible oils, as I think of it under existing conditions, involves two major points. In the first place, the inventory should be managed as to protect its quality. In the second place, the policies and practices adopted should facilitate and bring about the sale and use of these oils in this country and abroad. and at the same time be consistent with the best interest and the obligations of the government both at home and abroad.

Management of the inventory so as to protect its quality seems to me to be feasible and not too difficult of accomplishment. It would involve, aside from such regular sales as can be made, the exchange of old cotton oil for new cotton oil, with possibly some part of the exchange in soybean oil. Since the exchange would be made for like quantities of oil without affecting total CCC holdings on the one hand or quantities moving into domestic market channels on the other hand, the action taken should have no appreciable effect on domestic market prices.

At present, most of the CCC oil is stored on an "identity-preserved" basis. When the change is made to new oil, arrangements should be made for storage of new cotton oil on a commingled basis.

The suggested exchange of part of the inventory for soybean oil might be helpful in two or three ways. First, it would permit use of a larger part of the cottonseed oil in this country where it has its highest preference and greatest value. At the same time, it would give CCC some soybean oil to be offered for export sale. The crude soy oil could be held in storage for several months and during that period could be offered for sale abroad. This oil might well find export outlets, since in many countries it is several steps up the ladder of preference, as compared with the refined cotton oil which CCC now holds.

Management of the inventory of cotton oil in this way also would permit the offering of some crude cotton oil for export. Generally speaking, it would give CCC a more salable inventory. Further, it would mean that the inventory, which at present is good merchandise, would be maintained at top quality. There would be no possibility of future situations which might give rise to the need for a "fire sale." Thus, management along these lines should provide the basis for a sound and firm export sales policy.

Action along the lines indicated would involve some cost to the government. It could be taken only with the full cooperation of the industry in this country. It seems, however, that it should be possible to take this action without disturbing markets in the U. S. The action involves essentially a rotation of stocks to protect quality and some change in composition of stocks to improve their salability. This alone, of course, will not fully accomplish the job. It should be followed by an active effort to merchandise or to sell the quantity of oil which is surplus above our requirements in this country in a way that will make it acceptable to foreign countries.

On the one hand, we cannot expect

to sell the oils abroad if they are held at prices above those asked for other oils available in foreign trade channels, particularly if these other oils are in large enough supply to satisfy demand. On the other hand, there is no justification or reason for offering the oils in export markets at prices appreciably lower than the prices asked for oils and fats available elsewhere.

Having rejected these two extremes of export sales policy, I come to about this position. The quantities offered should not exceed those which there is reasonable basis to think will move at prices approximately in line with prices of comparable oils in foreign markets. Second, the oil probably should be offered periodically in reasonable quantities, either on a competitive-bid basis or on the basis of prices which are changed from time to time to keep them in line with world prices.

Inventories Manageable

In setting forth such an export sales policy I would like to emphasize the point I made at the beginning of these remarks, namely, that the CCC inventories of oil are not presently excessive in relation to annual U. S. consumption and they are small relative to world consumption. These inventories are readily manageable. There is no reason or need whatsoever for "dumping" or unloading these oils in foreign markets. On the contrary it should be entirely practical to sell these oils in the quantities needed, and at the places where they are needed, without disrupting world markets.

Essentially, the proposal as set forth above would contribute to orderly disposal in these ways:

1—Handling of the CCC inventory would be placed on a basis that would fully and adequately protect the oil against deterioration. Old oil would be changed for like quantities of new oil, and storage would be placed henceforth on a "commingled" basis.

2—More of the cottonseed oil would be used in this country, where it has its greatest preference and value. Similarly, at least part of the CCC inventory offered for export would be in the form of soybean oil, which has a greater preference in many foreign countries than cottonseed oil. Also, crude cottonseed oil would be offered at least in part in place of refined oil. The crude cottonseed oil is preferred in many foreign countries to the refined.

3—Policies on export sales would be established in terms of such quantities offered, and such prices asked, that sales could be made more nearly in keeping with customary business and merchandising practices.

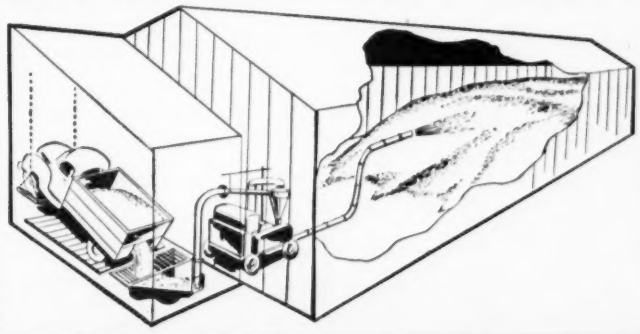
Needless to say, the ideas I have expressed reflect a pulling together of information and ideas that have been expressed by others—both in groups and individually — in the course of the conferences. Obviously, action in keeping with these ideas or variations thereof could be taken successfully only with the full understanding and assistance of the industry in the United States. Even from my brief association with some members of the industry over the past few weeks, I have no doubt that the fullest possible assistance will be given to the Department.

In keeping with customary practices of the Department, we expect to arrange a meeting with industry representatives at an early date for the purpose of discussing further the handling of CCC-held edible oils.

Fortunately, in this country where the government belongs to and is the responsibility of each and every person, the entire industry is just as anxious that government actions be on the soundest possible basis as those of us who serve in the government.

Government-held stocks of cottonseed oil are small enough to be readily manageable. There should be no reason for dumping.

For Handling Grain in FLAT STORAGE . . .



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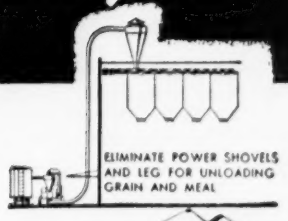

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Surplus Butter Disposal and Soybean Oil

BY SIERT RIEPMA
President, National Association of Margarine Manufacturers

THERE are in the hands of the Commodity Credit Corp. today some 460 million or more pounds of butter, 425 million pounds of cheese, and 825 million pounds of refined and crude cottonseed oil. The butter represents about 37.3 percent of the total production of that commodity forecast for this year; the cheese about 30.4 percent; and the cottonseed oil 66 percent. All together these particular surplus stocks represent approximately 1 billion, 210 million pounds of food fat. In the cases of butter and cheese, this fat is already purchased in manufactured form; the cottonseed oil is crude. The gross amount of food fat in the government's hands is some 13 percent of total production of all fats for food this year, excluding fats in meat cuts and fish.

In addition, the government has on loan or in its possession some 4,949 tons of peanuts, about 9,380 bushels of flaxseed, and some 125 million pounds of linseed oil with an estimated total fat content for these items of about 128 million pounds.

No one, apparently, likes this surplus. Its existence reflects on the efficiency of our economic system, a subject now charged with grave political issues. Its disposal could easily have serious repercussions domestic and foreign. Most consumers seem to regard surpluses with suspicion, but would consider their dumping on the market not justified. Many farm producers seem to regard them as a necessary and relatively small price to pay for keeping the farm economy from disaster. Processors and manufacturers of food products are in between.

I believe it is fairly stating the attitude of Secretary of Agriculture Benson to say that he believes the cure for the problem is, at bottom, the long-range reduction of production of the surplus commodities. Accordingly, on Feb. 8, the acreage of the cotton crop was lowered 17 percent. In April, the support level of butterfat was decreased from 90 to 75 percent of parity. (Peanuts remained at 90 percent of parity while flaxseed changed from 80 to 70 percent, a decrease of 10 percent.)

Soybean acreage is, however, believed to be higher this year by some 21 percent. Meat fat, including lard, is probably going to increase somewhat this year.

In general it appears that this year our production of all kinds of food fats will be about the same as last year's and about 120 percent of the average for 1947-49.

All food fats are, of course, more or less directly competitive. What happens to one can seriously affect the others. We are probably in a period of adjustment in our production of vegetable as distinguished from animal fats. The agricultural economists tell us that, in the long run, food fats like soybean oil will be more important to the national supply of "visible" or "product" fats, such as margarine, shortening, salad oils, and so on while animal fats will become "invisible" supplements to the proteins in meat, milk, and poultry and may also become absolutely smaller in the total food fats picture.

The fat surpluses in government hands are sufficiently large to pose a serious threat to all fats and oils. The 460 million pounds of butter, if sold into the commercial market at home, would work great harm to the soybean and other oils markets, and it is by no means sure that such disposal would help butter as a commercial product. For more than 18 months surplus butter, cheese, and cottonseed oil disposal has been a subject of various proposals, a sword of Damocles over the head of the entire industry, and the source of

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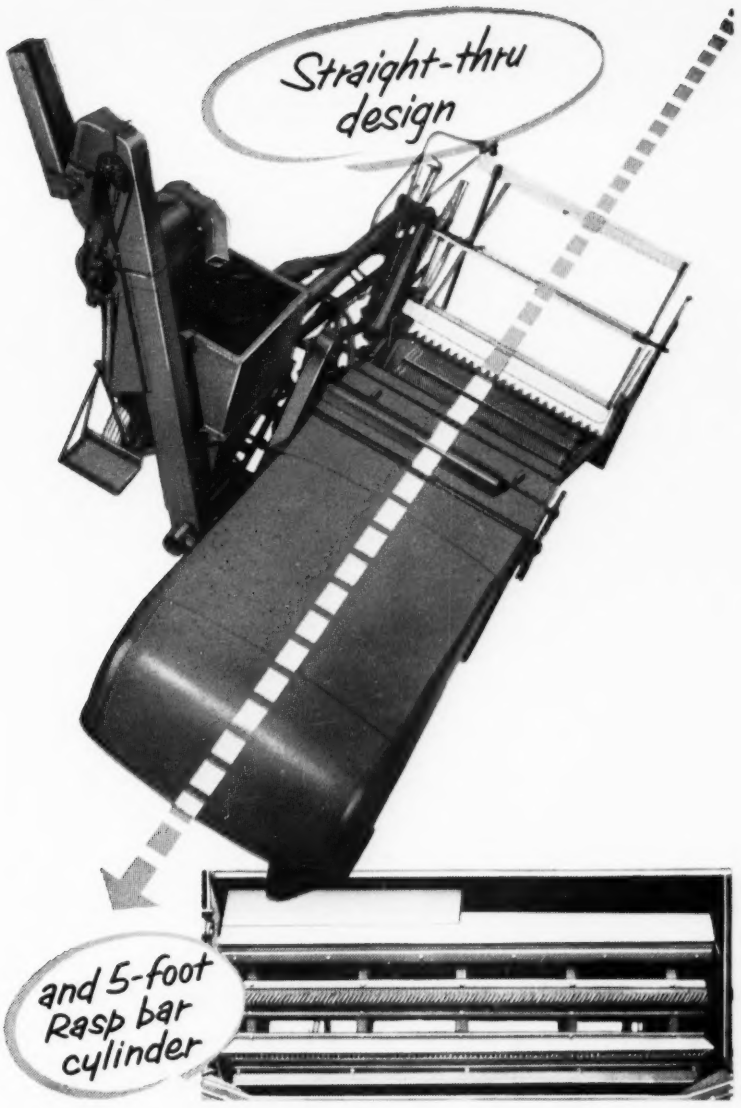

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waves of rumors upsetting to the industry and wasting much time and effort.

Because the butter surplus is connected with the health of the dairy industry as a whole, it has received strong political attention. Dairy organizations have reversed their former opposition to subsidies. They almost succeeded in persuading Congress this year to pass legislation requiring direct payments to farmers or creameries to make up the difference between the support price and what butter and cheese can get on the market. The new farm law does contain a clause which authorizes the Secretary of Agriculture to use "any methods determined necessary by the Secretary" to dispose of dairy surpluses. This extraordinary authority is not surprising when one considers the size of the surplus problem and the powerful forces involved.

The clause I have mentioned constitutes a direct threat to soybean and other vegetable oils. Secretary Benson has discussed the leading proposals for getting rid of the butterfat in surplus, and has expressed himself as believing direct payments to dairy plants afforded the most feasible method from the administrative standpoint. Secretary Benson has not indicated he would adopt such a disposal program for butter. There are very good reasons why he should not.

The new farm law's legislative history confirms the view that it does not contemplate direct subsidy payments for dairy products. Nevertheless, there is powerful pressure for some type of disposal of the butter surplus at cut-rate prices in the domestic market. The price most frequently mentioned is 40-45 cents retail, Chicago base, for 90-score butter. Currently, such butter is supported at 57.5-58.4 cents, New York, and is selling retail at about 68 cents. A sharply-subsidized price is directly injurious to competitive products such as margarine. Margarine today is selling at a rough average of about 25.7 cents retail. Actually margarine's ingredients have been increasing in cost. As this is written, soy oil is priced at 15¼ cents crude, compared with 10.8 cents a year ago. The new crops, and perhaps a strengthening meal market, may scale these prices down. The fact remains, however, that margarine would have to meet subsidized butter with price-supported cotton oil and soybeans.

A government price-subsidized program for selling butter against soybean oil margarine and shortening should not be discounted. Those who propose such programs do not take into consideration the unfair discrimination they would establish, the upsetting influence on the fats and oils market as a whole, and the step toward controls they would constitute. The fats and oils industry wants surpluses removed. The food fat the government holds should be eaten, not stored. Whatever disposal plans may be decided on, however, must be set up from the standpoint of all the interests involved.

There are reasons to believe a butter disposal program based as a tax-subsidized price in the domestic market can be avoided by judicious administration of the new farm statute. The law provides for a set-aside of some 200 million pounds of butter, and provides for its disposal in many different ways at home and abroad, including donation. These outlets should be employed exhaustively. The law further provides for giveaways of butter to the armed services and, at nominal cost, to other agencies. (Margarine has lost a market of some 83 million pounds to such agencies in the past year, apart from the market it has lost to free surplus butter in the school lunch program.) Such outlets might well account for 125-150 million pounds.

At present, the Department of Agriculture presumably is studying the new farm law and reviewing the

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surplus question. It is our responsibility as citizens as well as members of our respective industries to help all we can with solutions that promote the national rather than any one product's welfare, and to seek a long-range rather than a temporary basis upon which to continue the progressive development of the soybean industry. At all events, the margarine industry will continue to sell margarine on its merits at the lowest possible competitive price.

Central Soya Head

Dale W. McMillen, Jr., has been elected to succeed Fred W. Thomas as president of Central Soya Co., Inc., and McMillen Feed Mills, it was announced by Harold W. McMillen, chairman of the board of Central Soya. Paul E. Hensel, personnel director for the company, has been elected a vice president of Central Soya.

In submitting his resignation, Thomas asked to be relieved of his duties and responsibilities that he might devote full time to his farm and other agricultural and business interests.

The new president was first associated with the company in September 1936 in the production department of the Decatur, Ind., plant. He was elected vice chairman of the

Dale W. McMillen, Jr.

board in 1946. He has been a director of the company continuously since 1938.

A graduate of Northwestern University, Mr. McMillen is a director of the Fort Wayne National Bank; a trustee of Ripon College in Ripon, Wis.; and is presently serving his second term on the Board of Aviation Commissioners in Fort Wayne. He is chairman of the First Presbyterian Church building committee, and a 32nd Degree Scottish Rite Mason.

Mr. Hensel was employed by the company in 1943. He has held the post of personnel director since 1946.

Glidden Sells Feed Business to Staley

SALE OF the Glidden Co.'s livestock and poultry feed business to A. E. Staley Manufacturing Co., Decatur, Ill., has been announced by both companies. The sale price was not disclosed.

The Glidden Co., Cleveland, Ohio, said it was selling its feed business because the company needs the property and buildings of the feed division at Indianapolis for use by its expanding chemurgy division, which manufactures a wide variety of oilseed products, including industrial protein, lecithin, soybean oil meal, flour and flakes, edible emulsifiers and steroid chemicals.

The Staley Co. has been manufacturing feeds since it began operations as a corn refiner at Decatur in 1912. It has processed soybeans since 1922. Staley recently completed a new million-dollar formula feed plant at Decatur with a capacity of 100,000 tons a year.

A. E. Staley, Jr., president of the Staley Co., said the company is taking over the complete servicing of the Glidden feed division's sales and dealer organization. Staley has leased Glidden warehouse facilities at Indianapolis and other points.

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Fairchild, Famed USDA Plant Man, Passes

Dr. David Fairchild

DR. DAVID FAIRCHILD, internationally known horticulturist and plant explorer, died of a cerebral hemorrhage Aug. 7 at his home in Miami, Fla. He collapsed while walking with his wife.

Dr. Fairchild headed the U. S. Department of Agriculture's office of foreign plant introduction from its inception in 1898 until his retirement in 1928. It was mainly through his efforts that the office was organized.

During a career as a globe-trotting agricultural explorer, some of it financed by private capital, Dr. Fairchild did much to revolutionize the American farm industry.

Under Dr. Fairchild's direction the office of foreign plant introduction began importing small collections of soybeans from China and Japan before 1900. His interest was aroused in the crop during a visit to Japan shortly after, and importations were made on an increasingly larger scale over the years.

Importations were made by such plant men as Frank N. Meyer, P. H. and Jim Dorset, and W. J. Morse, and made possible the U. S. soybean industry.

A fitting monument to Dr. Fairchild's work is Mimai's unique and beautiful Fairchild Garden.

New Brokerage Firm

Formation of the brokerage firm of the Jerry Chase Co., 205 Graphic Arts Bldg., Kansas City, Mo., to deal in a full line of feed ingredients including soybean oil meal, has been announced by Jerry Chase.

Mr. Chase started with Cereal Byproducts Co. in Kansas City and was with this firm from 1938 until 1947, excluding four years in the U. S. Navy.

He opened the Kansas City office for Nellis Feed Co. in 1947. And in 1952 he joined Eugene L. Selders Co.

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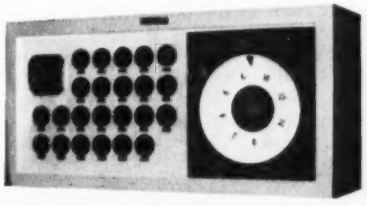
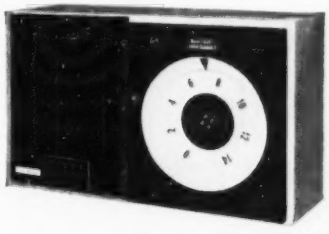
The *HOT SPOT* Temperature Measuring System keeps operators in instant, accurate touch with the temperature of grain stored in mills, elevators and country stations. Proved by use throughout the world, this equipment protects grain by giving immediate warning of temperature rise that always accompanies moisture pockets, mold or germ action, or insect damage. Several different systems are available:



Minneapolis-Honeywell instrument

Switch-controlled unit lets you scan through temperature stations that give measurements at every 6-foot level in bins. The measuring instrument is a Minneapolis-Honeywell *ElectroniK* Potentiometer, developed especially for the Hot Spot system. It's highly accurate and sensitive . . . responds to temperature changes as small as one-fifth of a degree Fahrenheit.



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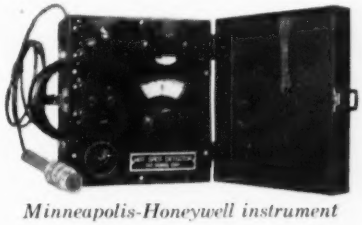
Automatic scanning system, ideal for "office control," automatically switches through 18 points in a 108-foot bin, every 72 seconds. Coded lights show location of each temperature station. A sensitive Minneapolis-Honeywell *ElectroniK* Potentiometer indicates temperature. System can also be operated manually.



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Systems are available on purchase or lease arrangement. For complete information, write to us today.

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Resolutions

(Continued from Page 23)

the reputation of American soybeans and U. S. grade certificates.

Since more funds have been made available, we request more adequate inspection for soybean deliveries to foreign markets, by federal grading agencies. This will build greater confidence in U. S. grade certificates and help eliminate deplorable practices detrimental to our foreign trade.

As a means of raising the general average quality of the soybean crop as it reaches market we urge terminal elevators, country handlers and producers of soybeans to endeavor to reduce the foreign material content of all lots of soybeans as they enter market channels.

ACREAGE CONTROLS

In view of the fact that no surplus of soybeans has yet occurred despite increased acres, we recommend that the position of soybeans be carefully reviewed in any acreage program.

EXPORTS

We urge greater emphasis upon exports of soybean products and soybeans from the United States. In the reorganization of the Foreign Agricultural Service of the USDA, we urge greater emphasis on expanding markets by the Foreign Agricultural Service as a means of decreasing present stocks of fats and oils in this country.

We request soybeans be placed on the list of crops that will make them eligible for sale in foreign countries under the Agricultural Trade Development Act of 1954.

SHORTENING EXTENDERS

We reaffirm our stand taken in years past that no product shall be incorporated into an American food that has not been conclusively proven to be nutritious and in the interest of the consumers' health.

DOMESTIC USES

We pledge support in the exploration of markets with special emphasis on the domestic front in frozen dessert legislation, commonly known as mellorine.

We thank Dr. John White, director of the Arkansas Experiment Station, Mr. John Dameron, assistant director at Clarkedale, Ark., and Dr. Paul Smith, in charge of soybean work at Fayetteville, Ark., for their cooperation in planning for and organizing the field day trip held at Clarkedale.

We appreciate this opportunity to hold our American Soybean Association convention at the same time and place as the National Soybean Processors Association. The two organizations have many things in common, complimenting each other's activities. The entire soybean industry can be helped by our learning each other's problems and better understanding each other's difficulties. We urge the board of directors to issue an invitation to the National Soybean Processors Association to meet with us again in 1955. *—John W. Evans, O. H. Acom, LeRoy Pike, John Sawyer, Herbert Huddleston, Howard L. Roach, Gilles DePutter.*

Drop Contest

Notification was received recently by Central Soya Co., Inc., of Fort Wayne, Ind., that an abandonment of contest has been filed with the U. S. Patent Office by the French Oil Mill Machinery Co. of Piqua, Ohio.

This action terminates the interference declared on Jan. 29, 1953, on Central's patent issued to Norman F. Kruse and owned by Central Soya and a pending application of Ralph P. Mutchins, owned by French.

In question were claims affecting the desolventizer - toaster process used by the Central Soya Co. to produce its new Miracle Soybean Meal.

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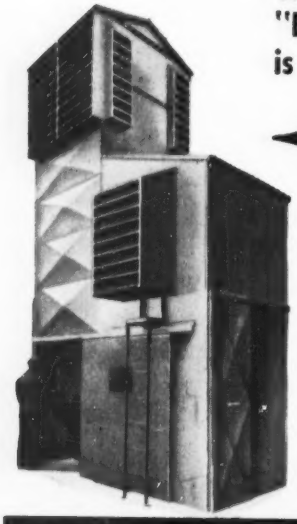

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CROP REPORT

Crop Outlook Improves

THE U. S. DEPARTMENT of Agriculture forecast a 1954 soybean crop of 304 million bushels in its report issued Aug. 10. But by late August observers were making a general upward revision of this figure due to beneficial rains that fell over most of the northern soybean belt and extended into the Midsouth during the month. The northern edge of the drought had been pushed from a line extending east and west through southern Iowa to a similar line through southern Missouri.

Crop prospects were greatly improved in the north. Improved soil moisture benefited the crop in Ohio, Indiana, Illinois and Iowa, with some recovery in Kansas and northern Missouri. But drought still remained in southern Missouri, Arkansas, Mississippi and Louisiana.

Other August crop estimates: C. M. Galvin 317 million bushels (Aug. 1); National Soybean Crop Improvement Council 320 million bushels (Aug. 1). Leslie Commodity Letter raised an early August estimate of 306.6 million bushels to 309 million Aug. 23.

Widespread grasshopper damage was being reported, but it abated some after the rains with increased vegetation. Weeds were becoming more of a problem than they were earlier in the season.

On-the-spot reports from Soybean Digest correspondents:

Arkansas. Paul C. Hughes, Farmers Soybean Corp., Blytheville (8/23): Crop condition better since a local rain Aug. 19, but crop was severely hurt. Very dry and hot until above shower. Yield outlook 0-25 bushels per acre.

Illinois. Albert Dimond, Lovington (8/21): Crop condition improved this month but has a long way to go. Some fields putting on second story growth. Could complicate harvesting. Have yield pegged at 17 bushels, down 5 from 1953. August rains and scrawny beans favorable to late weeds.

J. E. Johnson, Champaign (8/22): With recent rains the total crop picture is very much changed.

More growers commenting on how good prospects are. Pod count heavy with heavier than usual population offsetting slightly shorter plant growth. Continued rains stimulating growth and excellent filling. Secondary growth not such that there will be too much delay in maturity.

Indiana. K. E. Beeson, extension agronomist, Purdue University (8/23): With rains that have occurred generally in Indiana during August soybeans have made good development. Excellent recent growing conditions and high nitrogen level are conducive to weediest soybeans Indiana has had in years. Generally they came too late to reduce yields. Grasshopper attacks common but generally localized to rows near the fence. Downy mildew probably most common diease.

Louisiana. Mark H. Brown, Lake Providence (8/21): Crop drying up. No rain for so long that subsoil moisture is gone. Most farmers have cut bean crop for hay. Some early beans are good. Harvest will start very soon now.

Mississippi. W. T. McKinney, Anguilla (8/21): 100-degree-plus temperatures for over a month. Moisture depleted and many acres beans completely wilted. Some have been plowed up, others baled for hay. In spite of increased planted acreage, yield total will be 25 per-

WEED CROP. Although this field, in east central Iowa, was planted to soybeans, it is growing the best crop of buttonweed on record. Photo was taken in early August.

cent less than 1953. Much foreign growth in fields, mostly Johnson grass.

Missouri. O. H. Acom, Wardell (8/23): Bean crop looks extra good but weather has been too hot for blossoms to set. I believe that with good rains the crop has time to set and mature. Had some rain last week but not enough and turned too hot. It is hard to estimate crop yield under these conditions. Some early beans will be harvested by Sept. 15.

Maurice Maze, Mexico (8/21): Crop condition much improved. Some sections will increase by recent estimates 20 to 30 percent because of the rainfall and cooler weather. Surface moisture ample now. Yield per acre will average 10 to 12 bushels and in extreme northeast will be somewhat higher. Late rains are starting much weed growth. Grasshoppers have ruined some fields and damaged many others but some letup seen because of cooler weather and increased foliage.

Ohio. D. G. Wing, Mechanicsburg (8/23): Beans are mostly formed but very green. New pods are forming on top since the late rains. Seven inches of rain in July and four inches so far in August. We should have one of the largest crops in history. Most too cool to mature crop in September. Yield 25-35 bushels per acre in most of this territory.

Ontario. Clifford Dale, Glanworth (8/23): Dry weather has held up growth and maturity will be 10 days to 2 weeks later than normal. Stands are shorter with some yellowing of leaves. We have sufficient moisture at present. Yield will be down 15 percent.

SOYBEANS FOR BEANS (as of Aug. 1)

State	Yield per acre			Production		
	Average 1943-52	1953	Indicated 1954	Average 1943-52	1953	Indicated 1954
	Bushels			Thousand bushels		
N. Y.	16.2	16.0	15.0	122	80	105
N. J.	17.7	18.0	18.0	281	486	558
Pa.	16.2	17.0	15.0	427	323	255
Ohio	20.1	20.5	21.5	20,674	21,238	25,327
Ind.	20.7	21.0	21.0	31,488	36,855	39,606
Ill.	22.7	20.5	19.0	80,946	76,896	80,693
Mich.	18.3	19.0	20.0	1,736	2,090	2,560
Wis.	13.8	14.5	14.5	526	812	1,030
Minn.	16.3	20.5	19.5	12,754	27,696	38,727
Iowa	21.0	21.5	21.5	35,527	34,336	46,118
Mo.	18.1	14.0	11.0	17,372	25,536	22,352
N. Dak.	11.4	13.5	13.0	179	310	1,105
S. Dak.	14.2	18.0	16.0	541	1,566	2,816
Nebr.	20.0	18.5	16.0	820	1,942	3,040
Kans.	12.6	8.0	5.5	3,802	3,968	2,470
Del.	13.2	16.5	16.0	689	1,056	1,152
Md.	14.8	19.0	17.0	800	1,805	1,904
Va.	16.2	16.0	17.0	1,914	2,672	3,077
N. C.	13.8	14.5	15.5	3,559	3,814	4,480
S. C.	10.0	11.0	11.5	456	1,430	1,955
Ga.	9.1	12.0	10.5	160	600	598
Fla.	.....	18.0	18.0	.....	216	324
Ky.	16.8	13.0	16.0	1,740	1,248	[1]1,536
Tenn.	17.5	13.5	17.0	2,200	2,025	2,975
Ala.	16.5	20.5	19.0	921	1,886	1,976
Miss.	15.2	12.0	12.5	3,333	3,000	5,938
Ark.	17.0	11.0	11.5	6,859	7,315	9,718
La.	14.2	16.0	15.0	434	640	900
Okla.	9.8	10.0	6.0	285	500	282
U. S.	19.9	18.3	17.5	230,649	262,341	303,577

Crop reporting board of USDA's Agricultural Marketing Service.

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WASHINGTON DIGEST

The Farm Act and Soybeans

By PORTER M. HEDGE
Washington Correspondent for
The Soybean Digest

FARM ACT. The Eisenhower-Benson farm price support victory over the Farm Bloc is no more than a temporary lull in the bitter battle over the level of price supports. The 90 percenters are whipped, but not demoralized. Barring war, the fight will continue for years.

Secretary Benson is deluged with plaudits for winning the greatest congressional victory of the Eisenhower Administration. Even his staunchest enemies credit him and his chief ally, the Farm Bureau, with a sweeping triumph.

The Administration victory puts the flexible price supporters on the defensive for the first time. It's up to them to show the advantages of the lower, sliding scale supports. In the rough and tumble of political debate it doesn't matter that they got only part of the flexibility they asked—they've lost most of the advantage that always goes with the side that attacks.

The bitter fight has probably postponed for several years—until 1957 or after—the development of new approaches to the whole farm price support problem. So much bad feeling has been stirred up that the cat-and-dog fight over the level of supports is bound to crowd out sober consideration of methods of support.

SOYBEANS. The new Agricultural Act of 1954 probably will have little effect on soybeans in 1955. Support for beans remains optional with the Secretary of Agriculture, who presumably will set a loan rate on the 1955 crop more or less in line with corn and cottonseed.

The new farm act is designed as the start of a long, gradual, price support slide for all commodities. Unless arrested, the lower scale of 75 to 90 percent of parity price supports of the 1949 Act goes into effect in 1956. It will take one to five years for all supports to hit their minimums—unless the slide is reversed by reduced supplies.

The drop in price supports for most "basic" crops will not be great next year. Drought and the set-asides mean that only wheat will go down to the low limit of 82½ percent of parity. The short corn crop means that loans on the 1955 crop will not be under 88 percent, and may be a full 90 percent of parity. Cotton is fairly sure to stay at 90 percent of parity. Peanuts will probably get 87 to 88 percent of parity support.

The threat to margarine prices of dairy plant payments was eliminated in the final bill passed. On the other hand, Secretary Benson was given a free hand to dispose of dairy surpluses by any method, including giveaway, until Mar. 31, 1956.

The Secretary was specifically instructed to use up to $50 million a year to increase use of fluid milk by school children.

ALLOTMENTS. Congress directed Secretary Benson to soften up his announced tough, diverted acre program for 1955. He was ordered to go easy in semi-arid and disaster areas, and was permitted to make diverted acre regulations regionally. He was told to permit maintenance of prudent feed supplies in dry areas, and to handle disaster areas so they can most quickly restore normal farming patterns.

The upshot will be a mixed-up 1955 diversion acreage program. Once a line is broken in even one area, it's hard to maintain anywhere. Only about one-fourth of all farms will be affected by diversion regulations.

The relaxation will not extend to soybeans. Planting diverted corn, cotton or wheat acreages to increase soybean acreage will make farmers ineligible for loans on any of these crops.

Corn acreage allotments in 1955 seem sure, even if this year's crop is as low as the August estimate of about 2.8 billion bushels. Allotments of 54 million acres are indicated next year, compared to 47 million this year. If the corn crop turns out as large as 3 billion bushels, the allotments would be only about 50 million acres in 1955. (The base acreage in commercial corn areas in 1953 was about 57 million acres.)

The cut in corn prospects this year is expected to slow down the increase in pig crops that started last spring. The fall pig crop won't be affected, but the next spring pig crop may show no increase from this year. The reduction in pig crops is expected in the lower part of the Cornbelt and in other feed deficit areas hit by drought.

USDA thinks the peak in fall marketings of hogs may come as early as late October, though it is probable they'll stay at a high level

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through November-December. The low price point is likely to be earlier than the normal time in December —as was true last fall.

OIL. If the soybean crop runs about 320 million bushels (the latest unofficial "guesstimate"), there will be some excess edible oils floating around. How much will depend on exports. On the whole, market men here are inclined to the view that edible oil prices will be fairly good for the 1954-55 season.

SURPLUS. It's touch and go whether USDA will put soybeans and soybean oil on the surplus list for special export consideration. Some officials think one or both will be, but the decision probably won't be reached until after the September crop report.

Export surplus availability is decided by a formula based on estimated total supply, domestic use, reasonable carryover, and exports. Both history and ensuing year estimates are used in applying the formula.

The situation seems to be that if the 1954 crop increases from the Aug. 1 estimate of about 304 million bushels to as much as 320 million bushels, beans and oil may be listed as surplus. Many doubt that the crop will go above 310 million bushels. This is based on past methods of BAE estimations which in effect say that the crop will be the size estimated Aug. 1 if growing conditions thereafter are average. While weather improved during August, it's doubtful that it was any more than "average."

Faster and more comprehensive reports from abroad on soybean markets are expected as a result of giving USDA full control of agricultural attaches in American embassies. Congress provided for this in the Agricultural Act of 1954. USDA may add a few more attaches to help move surpluses into export.

CCC bought more than twice as much butter in price support operations than it disposed of during the period Apr. 1 to late August. It bought about 171 million pounds Apr. 1 - Aug. 24, compared to about 208 million pounds the same period of 1953. Net disappearance of stocks was a little under 80 million pounds during this time.

Changes in Meal Contract

MAJOR changes have been made in the Chicago Board of Trade soybean meal futures contract, and all trading in meal futures for 1955 delivery months not yet on the board will be governed by the new regulations, Robert C. Liebenow, secretary, has announced.

Principal change involves the method of delivery on contracts. Under the old regulations, deliveries were made with demand certificates requiring holders to supply shipping instructions within three days after receipt. Under the new regulations, delivery will be made by shipping certificates that receivers can hold indefinitely upon premium payments of 3⅓ cents per ton per running day.

To be eligible for regularity under the new contract, processors must agree to allocate two-thirds of their daily meal production capacity to filling orders received from owners of meal shipping certificates. Shippers must load out certificate orders within five days of receipt unless their total orders exceed listed loading requirements, but shipments must be made not later than 20 running days from the business day following receipt of order.

Contracts for the 1954 delivery months of August, September, October and December will remain under the old rules. However, any holder who desires to do so may convert January, March or May 1955 contracts to come under the new regulations without payment of additional commission fees.

The new regulations were adopted after months of careful study by members of the soybean meal committee. Ford M. Ferguson, chairman of the exchange's soybean meal committee, stated the changes should permit more people to participate in the soybean meal market because of the greater flexibility of the shipping certificate. "This should broaden the trade considerably," he said, "and thereby result in a more efficient meal futures market."

The Chicago Board of Trade has had a soybean meal contract since August 1951. Trading volume has increased steadily since the contract was established and this year, particularly, has shown substantial volume gains over previous years. At present, the Chicago meal futures market is the world's largest by a wide margin.

A new book of regulations has been printed by the soybean meal committee and can be obtained from Gordon C. Lynch, room 659, Board of Trade Bldg., Chicago 4, Ill. Members of the committee in addition to Mr. Ferguson are James S. Schonberg, Wilbur E. Bindenagel, William E. Casselman, Henry W. Graf, Wilbert E. Huge, Stuart S. Nordvall and Glen E. Watkins.

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IN THE MARKETS

FACTORY USE VEGETABLE OILS for May and June as reported by Bureau of the Census (1,000 lbs.)

PRIMARY MATERIALS: FACTORY PRODUCTION AND CONSUMPTION, AND FACTORY AND WAREHOUSE STOCKS, JUNE 1954 - MAY 1954

	Factory production		Factory consumption		Factory and warehouse stocks	
	June 1954	May 1954	June 1954	May 1954	June 30 1954	May 31 1954
Cottonseed, crude	94,884	124,212	114,426	163,177	54,013	84,728
Cottonseed, refined	106,431	151,578	139,760	174,462	*987,614	1,061,214
Peanut, crude†	6,762	6,963	6,503	5,771	11,715	11,545
Peanut, refined	6,005	5,410	3,554	3,174	5,859	5,319
Soybean, crude	171,614	193,327	189,614	201,149	114,142	127,599
Soybean, refined	175,831	186,097	180,938	182,924	96,919	103,331
Palm, crude	.....	.....	5,052	3,833	§18,113	§13,782
Palm, refined	1,807	790	1,744	883	689	613
Coconut, crude	38,165	35,481	48,879	46,730	§44,313	§43,216
Coconut, refined	32,263	30,122	28,659	27,072	10,950	10,437
Vegetable foots (100% basis)	17,098	21,342	13,607	14,658	45,586	47,012

*Includes 862 million pounds of refined cottonseed oil reported by respondents to the Census Bureau as owned by Commodity Credit Corporation. This figure, as well as the comparable May 31, 1954, figure of 909 million pounds, includes quantities sold for export by CCC but not "lifted." As of June 30, CCC reported that it had removed from inventory and put in an "in-transit position to other storage" about 165 million pounds of refined cottonseed oil of which it is estimated that 40 to 50 million pounds have not been accounted for in respondent reports to the Census Bureau. It is believed that unreported stocks in-transit have recently been considerably larger than usual. The amount of in-transit stocks will be kept under continued review by the Census Bureau and CCC. †Data on production and stocks held at crude oil mill locations collected by Agricultural Marketing Service, U. S. Department of Agriculture. §Data for stocks of crude palm oil and crude coconut oil are on a commercial stocks basis and do not include figures for stock piles of strategic oils.

FACTORY CONSUMPTION OF VEGETABLE FATS AND OILS, BY USES, DURING JUNE 1954

	—Edible products—				——Inedible products——			
	Shortening	Margarine	Other edible	Soap	Chemicals	Paint and varnish	Lubricants & greases	Other inedible
Cottonseed, refined	22,848	3,638	1,739	.....	.....	.....	.....	38
Soybean, crude	.....	.....	.....	43	.....	487	.....	1,123
Soybean, refined	40,986	4,175	8,647	.....	.....	6,540	15	6,351
Vegetable foots	.....	.....	.....	2,745	.....	63	.....	688
Hydrogenated cottonseed oil, edible	22,683	23,746	.....	.....	.....	.....	.....	.....
Hydrogenated soybean oil, edible	35,825	38,741	984	.....	.....	.....	.....	.....
Fatty acid stock	.....	.....	.....	592	.....	83	23	174

INSPECTIONS. Soybeans, inspected by grades and percent, as reported by USDA's Agricultural Marketing Service.(1)

Grade	Oct.-June 1952-53		Oct.-June 1953-54		June 1953		May 1954		June 1954 (2)	
	1,000 bu.	%	1,000 bu.	%	1,000 bu.	%	1,000 bu.	%	1,000 bu.	%
No. 1	29,541	17	52,856	28	1,310	14	1,416	23	1,127	22
No. 2	82,522	46	77,955	42	4,887	52	3,193	52	2,188	42
No. 3	30,912	17	26,552	14	1,277	13	698	11	692	13
No. 4	23,230	13	18,971	10	1,037	11	452	7	592	12
Sample	12,776	7	11,915	6	902	10	440	7	554	11
Total	178,981	100	188,249	100	9,413	100	6,199	100	5,153	100

(1)Carlot receipts have been converted to bushels on the basis that 1 carlot equals 1,650 bushels. (2) Of the June 1954 receipts, 1,950 bushels were Black, 1,650 Mixed, and the remainder Yellow soybeans. Inspections of soybeans in June included 620,845 bushels as cargo lots, 119,572 bushels as truck receipts, and the balance as carlot receipts. Based on reports of inspections by licensed grain inspectors at all markets.

Grade	Oct.-July 1952-53		Oct.-July 1953-54		July 1953		June 1954		July 1954 (1)	
	1000 bu.	%	1000 bu.	%	1000 bu.	%	1000 bu.	%	1000 bu.	%
No. 1	31,230	17	54,252	28	1,689	17	1,127	22	1,396	26
No. 2	87,370	46	80,476	42	4,848	50	2,188	42	2,521	47
No. 3	32,392	17	27,121	14	1,480	15	692	13	569	11
No. 4	24,377	13	19,401	10	1,147	12	592	12	430	8
Sample	13,383	7	12,351	6	607	6	554	11	436	8
Total	188,752	100	193,601	100	9,771	100	5,153	100	5,352	100

(1) Of the July 1954 receipts, 1,650 bushels were mixed, and the remainder yellow soybeans. Inspections of soybeans in July included 690,385 bushels as cargo lots, 162,265 bushels at truck receipts, and the balance as carlot receipts.

STOCKS. Soybean stocks in all storage positions on July 1 amounted to 33.2 million bushels, according to reports assembled by the USDA crop reporting board. This quantity compares with 62.3 million bushels held a year ago and is the smallest reserve for the date since July 1, 1948, when 31.9 million bushels were held in storages.

U. S. STOCKS OF SOYBEANS JULY 1, 1954, WITH COMPARISONS (1,000 bu.)

Position	July 1 1952	July 1 1953	April 1 1954	July 1 1954
On Farms (1)	5,864	20,393	36,640	3,566
Terminals (2)	3,809	3,245	11,461	4,588
Commodity Credit Corp (3) (6)	.....	356	36	.....
Processing Plants (4)	30,838	26,905	52,297	(7)21,600
Int. Mills Elev. & Whses (5) (8)	4,640	11,393	16,862	3,449
Total	45,151	62,292	117,296	33,203

Reported by: (1) Crop Reporting Board; (2) Grain Division AMS; (3) Commodity Credit Corp.; (4) Bureau of Census; (5) Crop Reporting Board. (6) Owned by CCC in transit to ports or stored in their own bins. (7) Preliminary estimate, pending report by Bureau of Census. (8) All off-farm storages not otherwise designated.

STOCKS OF SOYBEANS BY STATES, JULY 1, 1953 and 1954 (1,000 bu.)

State	Off-farm total July 1 1953	Off-farm total July 1 1954	All positions July 1 1953	All positions July 1 1954	State	Off-farm total July 1 1953	Off-farm total July 1 1954	All positions July 1 1953	All positions July 1 1954
Ohio	4,725	2,471	6,793	3,002	Kans.	1,273	819	1,383	879
Ind.	2,127	2,458	5,687	2,827	N. C.	299	*	394	*
Ill.	15,432	13,337	20,337	14,106	Ky.	677	*	737	*
Minn.	3,292	1,037	5,486	1,314	All				
Iowa	7,473	5,964	13,310	6,479	other	4,866	2,392	5,775	2,926
Mo.	1,735	1,159	2,390	1,670	U. S.	41,899	29,637	62,292	33,203

* Included in "all other" to avoid disclosing individual operations.

STOCKS. Agricultural Marketing Service's commercial grain stock's reports. (1,000 bu.)

	July 27	Aug. 3	Aug. 10	Aug. 17	Aug. 24
U. S. Soybeans in Store and Afloat at Domestic Markets					
Atlantic Coast	127	113	117	150	117
Gulf Coast	216	142	142	145	93
Northwestern & Upper Lake	22	3	3	0	0
Lower Lake	2,482	2,764	2,506	2,337	1,860
East Central	23	344	345	242	15
West Central, Southwestern & Western	840	659	445	267	93
Total current week	3,710	4,025	3,558	3,141	2,178
Total year ago	2,713	2,740	2,588	2,166	1,878
U. S. Soybeans in Store and Afloat at Canadian Markets					
Total current week	0	0	0	0	0
Total year ago	0	104	75	75	8
Total North American Commercial Grain Stocks					
Current week	3,710	4,025	.....	3,141	2,178
Year ago	2,713	2,844	2,663	2,241	1,886

EXPORTS. U. S. exports of soybeans and oil for June, as reported by the Foreign Agricultural Service of the U. S. Department of Agriculture.

Soybeans	993,152 bu.
Soybean oil	
Crude	227,736 lbs.
Refined, but not further processed	889,577 lbs.
Refined, deodorized and hydrogenated	49,395 lbs.

Converted to a soybean equivalent basis the exports for June amounted to 1,109,633 bushels.

PRICES. Average price for soybeans received by farmers, effective parity price and price support rates (dollars per bushel).

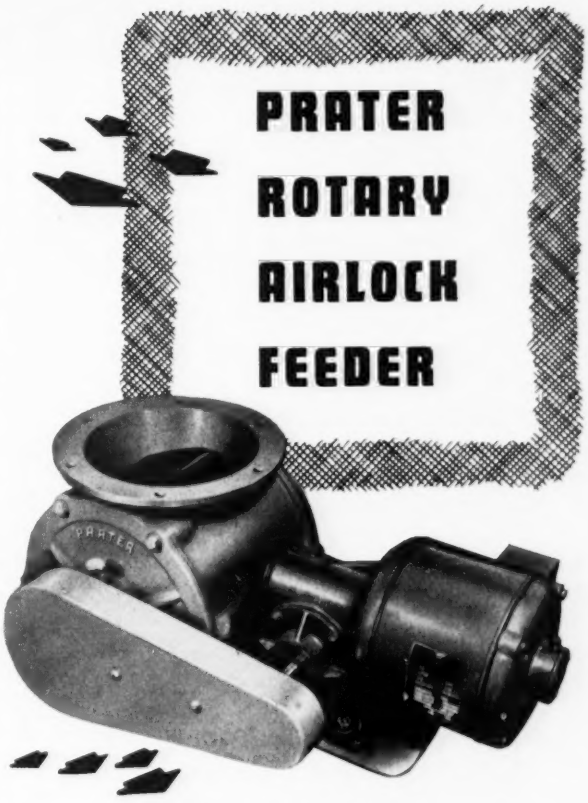
Average farm price		Effective parity	Average price as percent of parity		National average price support rate	
July 15 1953	June 15 1954	July 15 1954	July 15 1954	July 15 1954	1953 crop	1954 crop
2.44	3.49	3.47	2.80	124	2.56	2.22

Average farm and parity prices from USDA crop reporting board.

SHORTENING. Standard shortening shipments reported by the Institute of Shortening and Edible Oils, Inc., in pounds.

July 24	5,052,224
July 31	5,196,893
Aug. 7	5,769,977
Aug. 14	5,845,956
Aug. 21	6,497,927
Aug. 28	5,774,101

Grand total of shortening and edible oil shipments for the second quarter of 1954 was 976,374,000 pounds compared with 968,607,000 pounds for the first quarter.



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PROCESSING OPERATIONS. Reported by Bureau of the Census for June and July.

PRIMARY PRODUCTS, EXCEPT CRUDE OIL, AT CRUDE OIL MILL LOCATIONS: PRODUCTION, SHIPMENTS AND TRANSFERS, AND STOCKS, JULY 1954 - JUNE 1954

Products	Unit of measure	Production		Shipments and transfers		End of month stocks	
		July 1954	June 1954	July 1954	June 1954	July 31 1954	June 30 1954
Soybean:							
Cake and meal	tons	368,124	364,525	359,775	375,028	175,220	166,871
Lecithin	1000 lb.	2,081	2,018	2,170	2,245	2,748	2,837
Edible soy flour, full fat	tons	(1)	305	377	322	(1)	235
Edible soy flour, other	tons	5,328	4,906	5,573	4,737	990	1,235
Industrial soy flour	tons	2,621	2,516	2,876	2,411	(1)	(1)

(1) Included in "All other" to avoid disclosure of figures for individual companies.

SOYBEANS: RECEIPTS, CRUSHINGS, AND STOCKS AT OIL MILLS, BY STATES, JULY 1954 - JUNE 1954
(Tons of 2,000 pounds)

State	Receipts at mills		Crushed or used		Stocks at mills	
	July 1954	June 1954	July 1954	June 1954	July 31 1954	June 30 1954
U. S.	182,515	197,424	460,841	463,095	459,627	737,953
Arkansas	(1)	(1)	.....	(1)	(1)	5,062
Illinois	64,418	48,908	187,218	184,931	201,028	323,828
Indiana	26,305	31,632	56,921	40,432	37,344	67,960
Iowa	29,723	41,881	89,054	94,897	88,054	147,385
Kansas	(1)	(1)	(1)	(1)	(1)	(1)
Kentucky	(1)	(1)	(1)	(1)	(1)	(1)
Minnesota	28,054	32,333	28,852	35,536	12,569	13,367
Mississippi	353	814	.....	3,200	1,271	918
Missouri	(1)	(1)	(1)	(1)	9,873	20,962
Nebraska	(1)	(1)	(1)	(1)	(1)	(1)
North Carolina	(1)	(1)	.....	(1)	(1)	(1)
Ohio	14,500	22,265	49,413	50,011	61,731	96,644
All other	19,162	19,591	49,383	54,068	47,757	61,827

(1) Included in "All other" to avoid disclosure of figures for individual companies.

SOYBEAN PRODUCTS: PRODUCTION AND STOCKS AT OIL MILL LOCATIONS, BY STATES, JULY 1954 - JUNE 1954

State	Crude oil (thousand pounds)				Cake and meal (tons)			
	Production		Stocks		Production		Stocks	
	July 1954	June 1954	July 31 1954	June 30 1954	July 1954	June 1954	July 31 1954	June 30 1954
U. S.	173,189	177,614	47,297	37,007	368,124	364,525	175,220	166,871
Arkansas	.....	(1)	(1)	(1)	.....	(1)	224	461
Illinois	71,697	69,196	16,610	15,924	142,494	137,522	77,469	69,790
Indiana	22,026	15,165	12,307	866	49,182	33,855	45,285	52,742
Iowa	32,997	35,585	6,198	7,614	72,470	77,661	20,509	16,536
Kansas	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Kentucky	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Minnesota	10,334	12,792	4,370	4,839	23,070	27,903	15,045	(1)
Mississippi	.....	1,237	(1)	(1)	.....	2,978	(1)	(1)
Missouri	(1)	(1)	1,638	679	(1)	(1)	(1)	(1)
Nebraska	(1)	(1)	(1)	300	(1)	(1)	(1)	(1)
N. Carolina	.....	(1)	(1)	(1)	.....	(1)	130	501
Ohio	18,228	18,250	3,280	4,039	40,525	41,239	3,986	5,078
All other	17,907	19,389	2,894	2,746	40,383	43,367	12,572	21,763

(1) Included in "All other" to avoid disclosure of figures for individual companies.

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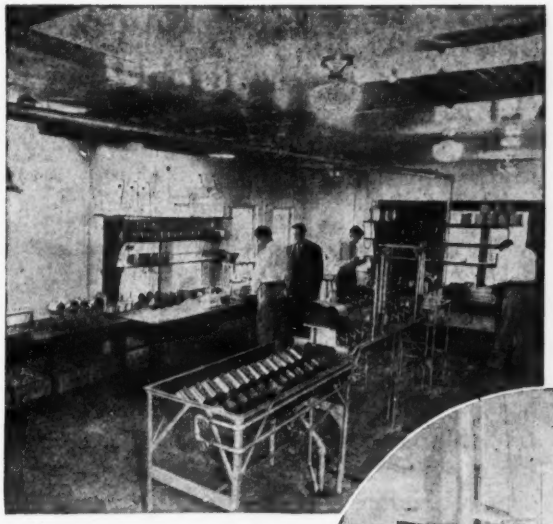

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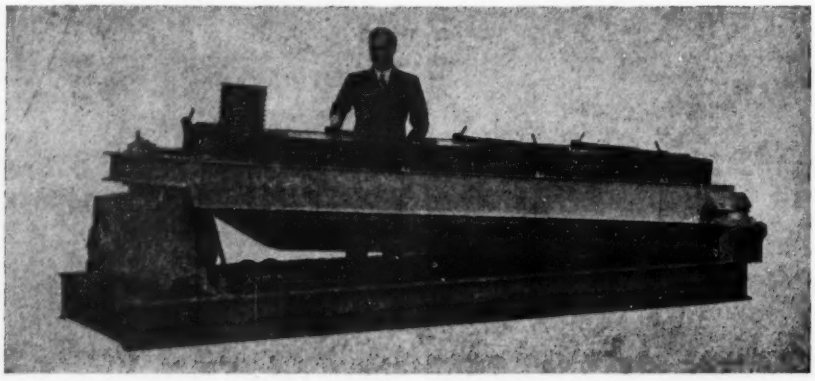
SCREENERS



ROTEX Screener No. 82

With two screen surfaces, each 40 by 120 inches.

Wherever there is a screening operation in a soybean plant, you will find that ROTEX Screeners can handle it to a real advantage.

At the present time ROTEX are being widely used for the rough cleaning of whole soybeans, for further cleaning them through a coarse screen and over a fine screen, for the sizing of soybean meal, both before and after grinding and for the removal of fine dust from finished meal.

ROTEX handles all these jobs exceptionally well because of the combination of the nearly level gyratory action of the screen box and the action of the rubber ball mesh cleaning system.

While the screen box action stratifies the material and conveys it over the screen surface at an angle of inclination of only 4 degrees, the rubber balls, bouncing continuously and uniformly against the underside of the screen mesh, keep the entire area of the screen mesh open and free from clogging, thus assuring a complete separation and a maximum capacity per square foot of screen area.

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Our thirty-five years of experience in building ROTEX Screeners, with thousands of machines in daily use, assures you of trouble-free design and rugged construction that will give the most satisfactory continuous operation.

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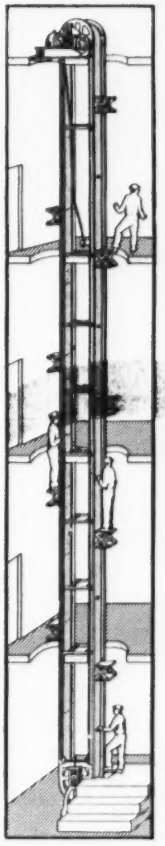

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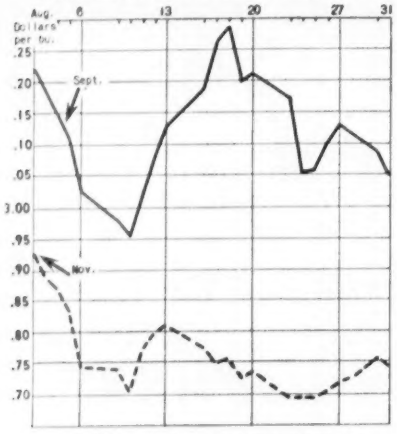
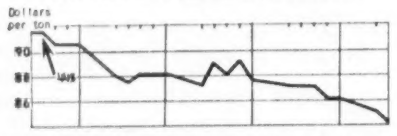
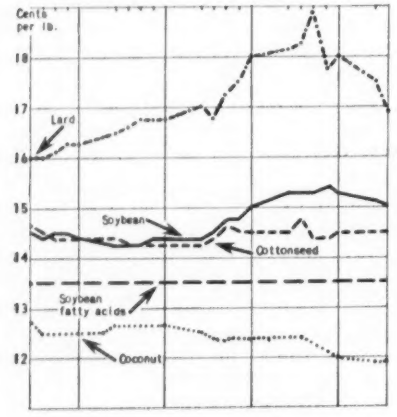


BULK SOYBEAN OIL MEAL, DECATUR



CRUDE VEGETABLE OILS AND LARD, TANKCARS



August Markets

WEATHER continued as the major factor in the soybean and soybean oil meal markets in August.

The spread widened between the September and November soybean futures as it became obvious that rains would delay harvest and cut down on the volume of soybeans going to market in September.

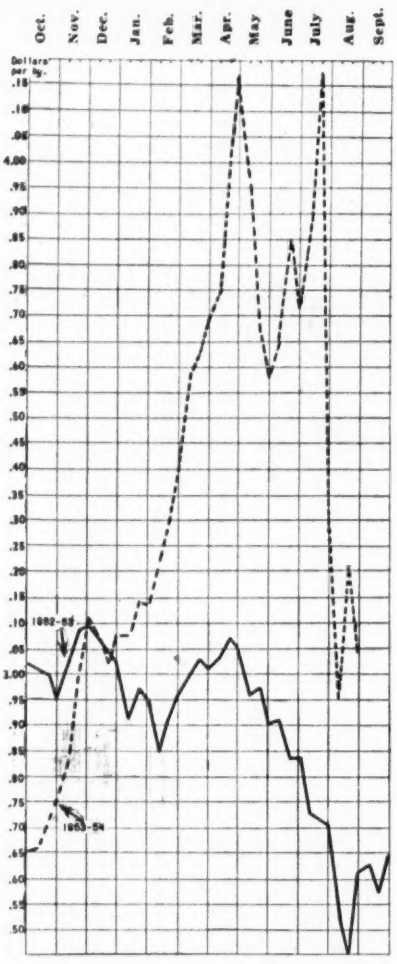
The oil market was considerably stronger and prices were the highest in three years, affected by short supplies. But meal on the whole was weak due to plentiful supplies and a sluggish demand and a tendency to substitute cheaper-priced dried milk and linseed meal for soybean meal.

The U. S. Department of Agriculture's Aug. 1 forecast for a national soybean crop of 204 million bushels—considerably lower than expected—was a bullish influence. But it was discounted later in the month as the rains continued over most of the soybean belt, and boosted the prospect for a larger crop.

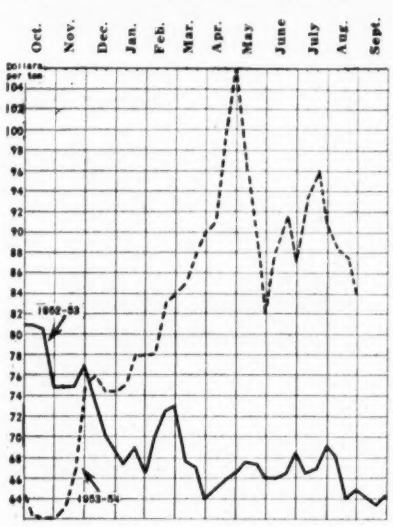
September shorts were given a scare by the possibility that insufficient quantities of cash soybeans would be available in time to relieve the market. Large quantities of soybeans had been sold for September delivery. As supplies of old crop beans were about exhausted, shorts would have to depend on the new crop to fulfill contracts. And there was considerable question as to the volume that would be marketed in September.

TRENDS AT A GLANCE

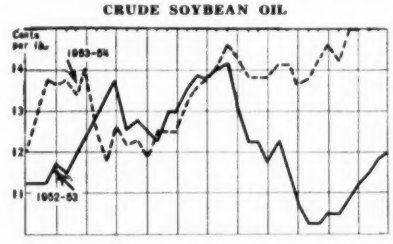
NEAR FUTURES SOYBEANS



BULK SOYBEAN OIL MEAL, DECATUR



CRUDE SOYBEAN OIL



MARGIN. The Chicago Board of Trade raised the initial margin requirements on speculative contracts for September 1954 soybean futures to 40 cents a bushel, an advance of 10 cents a bushel, Aug. 5.

EXPORTS. Exports of soybeans October through June amounted to about 37.5 million bushels. This compares with 27.7 million bushels last season and 14.3 million the same months of 1951-52, according to USDA's Agricultural Marketing Service.

MEALS. Consumption of oilseed meals October through June amounted to 6.8 million tons. This is about 50,000 tons less than in the same months last season, according to Agricultural Marketing Service, but 655,000 tons more than the five-year average.

The reduction in soybean meal supplies was about offset by increased cottonseed meal supplies. Consumption of soybean oil meal, at 3,890,500 tons October through June, was 336,400 tons below a year ago. Cottonseed meal consumption, at 2,355,200 tons, was 283,400 tons above last year.

Production of soybean cake and meal in 1954-55 probably will total about 5.5 million tons, if the soybean crop turns out about as indicated on Aug. 1. This would be about 10 to 15 percent larger than the expected 1953-54 production.

SOAPSTOCKS. Acid soybean soapstocks delivered Midwest declined from 7¾ cents a pound to 7½ cents in August; and raw soybean soapstocks declined from 3.62 to 3¼ cents. On the other hand, cottonseed soapstocks strengthened to the same extent as soybean declined.

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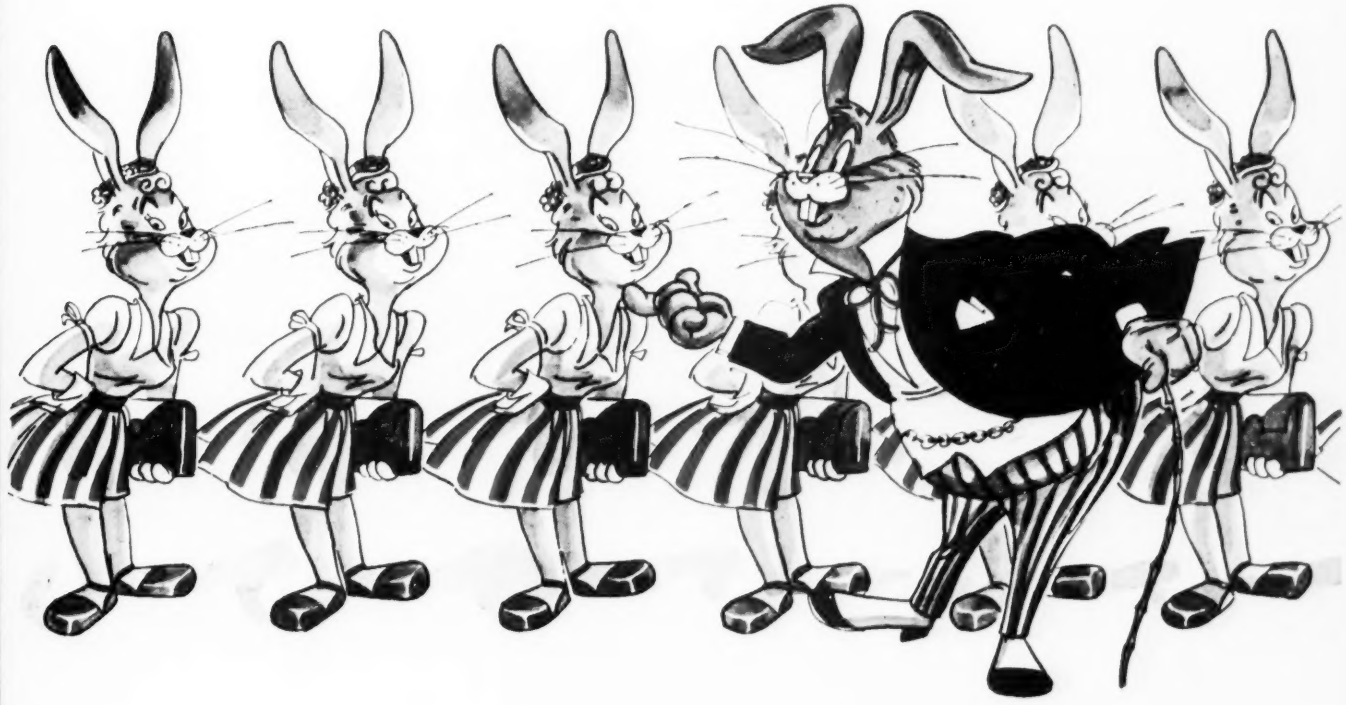

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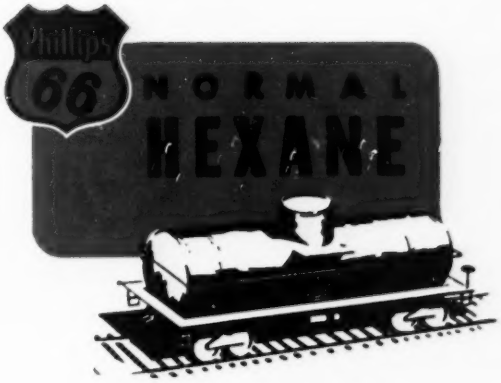

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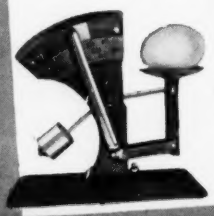

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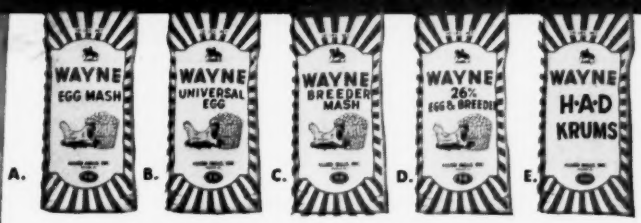

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